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Britain Rules Out Talks on Mine Strike

LONDON — Britain's energy secretary, Peter Walker, ruled out Thursday any more talks on resolving the 11-month coal strike. He told miners that the only way to end the dispute was to return to work.

The National Union of Mineworkers responded by voting to press ahead with the strike, making it almost certain that the dispute will go into a second year. However, the union said it was still willing to negotiate an end to the strike.

Mr. Walker expressed disappointment at the failure of the latest peace efforts and blamed the president of the National Union of Mineworkers, Arthur Scargill.

"I am afraid there will not be more talks," Mr. Walker told a radio interviewer. "Miners will have to decide whether they want to go to work and take what is on offer or whether they want to stay behind Mr. Scargill shouting his revolutionary intentions. We have reached that stage."

On Wednesday, union leaders rejected peace terms worked out by mediators from other unions because the state-run National Coal Board was insisting on the right to shut unprofitable mines.

The two sides hardened their positions after the failure of mediation efforts by a group of trade union leaders trying to bring them together for their first formal talks in almost four months.

The attempt faltered on the issue that originally caused the strike last March: whether mines should be closed on economic grounds.

Union leaders rejected what the mediators called the "best and final" offer from the state-owned coal board on Wednesday on the ground that it involved no concession on pit closures. Mr. Scargill said the latest proposal was "infinitely worse" than the previous one.

The union leaders then went back to work to continue the strike from a conference of more than 100 union delegates.

The union mediation effort had been the highest level attempt to end the strike. Seven union chiefs took part, led by Norman Willis, head of the Trades Union Congress.

Their week of negotiations in-



Peter Walker

cluded a meeting with senior ministers including Prime Minister Margaret Thatcher, her first direct involvement in strike talks.

The collapse of the initiative left the government and the coal board pinning their hopes on the continued erosion of the strike.

Three-quarters of Britain's 188,000 miners went on strike last March but many have drifted back to work. The board says 87,000, or 46 percent, are working. About 1,700 ended their support for the strike this week, it said.

The union called for more support from other British unions and said it was ready for fresh peace talks.

The coal board spokesman, Michael Eaton, said Wednesday that he was "extremely disheartened" by the union's rejection. "We just have no further to go," he said.

The strike began March 12 over coal board plans to shut 20 pits and eliminate 20,000 jobs.

Direct negotiations between the two sides broke down in October and the miners union and the Trades Union Congress have pressed for a resumption.

■ **Miners Go to South Africa**

About 600 former British coal miners are now working in South Africa, where they earn eight times the rate paid to black miners, James Mollins, president of South Africa's mainly black National Union of Mineworkers, said Thursday in Stockholm, according to Agence France-Press.

Nitze Lists Limits on New Arms

Space Weapons Must Survive First Strike

By Bernard Gwertzman
New York Times Service

WASHINGTON — Paul H. Nitze, the Reagan administration's senior arms control adviser, has outlined a set of stringent conditions that he said should be met before the deployment of new defensive weapons in space.

Among these conditions, he said Wednesday, was that the technology "must produce defensive systems that are survivable," able to withstand a preemptive nuclear attack. Otherwise, Mr. Nitze said, "the defenses would themselves be tempting targets for a first strike" and this would "decrease, rather than enhance, stability."

He also said the new systems must be "cost-effective at the margin," that is, they must be cheap enough to add additional defensive capability so that the other side has no incentive to add additional offensive capability to overcome the defense.

If it were cheaper to produce new offensive systems to offset the defensive shield, he said, this would "encourage a proliferation of countermeasures and additional offensive weapons to overcome deployed defenses, instead of a redirection of effort from offense to defense."

The Soviet Union, in justifying its criticism of the U.S. space research program, has argued that any new defensive weapons could have an aggressive purpose, to shield the United States while it attacked the Soviet Union. It warned that this would force the Soviet Union to develop new offensive weapons.

In his remarks before the World Affairs Council of Philadelphia, Mr. Nitze sketched the way that he believed future arms control negotiations and space defense development should be handled in coming decades. The text of the speech was released in Washington.

He said that even if it were tech-

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ACCORD ON INSPECTIONS — Andronik M. Petrosyants, right, chairman of the Soviet State Committee for the Use of Atomic Energy, and Hans Blix, director-general of the International Atomic Energy

Agency, signed an agreement in Vienna on Thursday that provides for agency inspection of civilian nuclear facilities in the Soviet Union for the first time. Moscow called the agreement "a great, important step." Page 4.

Steady Rains Hold Promise Of Relief In Zimbabwe

By Glenn Frankel
Washington Post Service

HARARE, Zimbabwe — The three-year drought that halved food production and crippled national economies in this region appears to be lifting for Zimbabwe and some of its neighbors in southern Africa.

Two months of steady rainfall has doused farmlands and filled two-thirds of Zimbabwe's reservoirs, setting the stage for what agricultural officials cautiously predict may be one of the country's best years ever for food crops.

"Another dry season would have been a terrible disaster," said John Lennie, president of the Commercial Farmers Union. "We need six more weeks of good weather, but so far the season has been excellent and the recovery in some sectors has been almost miraculous."

Silas Hungwe, vice president of the National Farmers Association of Zimbabwe, which says it has 200,000 peasant farmers as members, said: "We are expecting a bumper crop throughout the whole country."

According to the United Nations Food and Agriculture Organization, rain has also fallen in sufficient quantities in Malawi, Swaziland, Angola, Zambia and parts of Mozambique. Nonetheless, because harvests are not due for several months, the latter three countries and Zimbabwe remain on the organization's list of 28 African nations most seriously affected by drought.

Although there have also been scattered rains in central Africa, analysts say the forecast for the rest of the continent, including Ethiopia, is still in doubt. A senior U.N. official, Bradford Morse, director of the Office for Emergency Operations, said earlier this month that 34 million Africans remained critically affected by drought and famine.

South Africa has not been as lucky as some of its black-ruled neighbors, although good rains since Jan. 15 have prevented a repetition of last year's economic disaster when the country was forced to import nearly three million tons (2.7 million metric tons) of corn. Analysts this year are predicting a corn shortage of between 500,000 and one million tons.

That opens up the prospect that the white-minority government, which has long boasted of being Africa's breadbasket, may purchase corn this year from some of its black neighbors. In the past, South Africa has purchased most of its grain imports from the United States but the strength of the U.S. dollar may make Zimbabwe's grain more attractive, officials here said.

Botswana and Lesotho also are still suffering from rain shortages. Botswana's cattle industry has benefited from late rains but the country is expected to produce only about 10,000 tons of grain, slightly better than last year but far short of the 190,000 tons the country consumes annually. Botswana, with its large diamond and ranching industries, is one of the few countries prosperous enough to afford large-scale food imports.

There are no official crop estimates available from Lesotho but American observers have projected a possible loss of half the country's usual crop.

Farming is the most important economic activity in this region. Economists have estimated that the drought cost Angola, Botswana, Lesotho, Mozambique, Zambia

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Baldrige Says U.S. Procedures Allow Secrets to Fall Into Moscow's Hands

By Stuart Auerbach
Washington Post Service

WASHINGTON — The Pentagon and other federal agencies allow military and technical secrets to slip into Soviet hands by failing to check documents before they are automatically declassified, Commerce Secretary Malcolm Baldrige complained in a letter to top Reagan administration officials.

Mr. Baldrige sought help more than a month ago to stop "this massive giveaway program that permits the Soviets to acquire tens of thousands of scientific and technical studies as well as other strategic information."

There was no indication Wednesday that Mr. Baldrige has received any response from his Jan. 16 letter to Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger, Donald P. Hodel, who was the energy secretary then; Robert C. McFar-

lane, the president's national security adviser; and James M. Beggs, administrator of the National Aeronautics and Space Administration.

Through a spokesman, Mr. Baldrige declined to comment on the letter, saying he does not discuss classified matters. In the letter, however, he cited "inadequate" results to his requests since 1982 for cooperation from the Defense and Energy departments and NASA to protect strategic information.

Mr. Baldrige was particularly annoyed by what he considered the easy availability of sensitive documents of the Defense Department, with which the Commerce Department has quarreled repeatedly over the disclosure of strategic high-technology products to the East bloc.

Among the studies that Mr. Baldrige said are available to the Soviet Union is one called "A Simula-

tion Model of the Army's Command, Control, Communications and Intelligence Process," prepared by the Defense Department.

The problem with the documents developed, Mr. Baldrige said, because "previous administrations" opened up vast amounts of government studies "to combat what they perceived to be overclassification" and to allow greater public access to government-financed studies.

Although the Commerce Department operates the National Technical Information Service, which acts as a clearinghouse to make documents available to the public, Mr. Baldrige said his department lacks the legal authority to stop the "declassification process."

"Moscow has unlimited access to all information in NTIS through the All-Union Scientific Research Institute, which is a prominent sub-

(Continued on Page 4, Col. 4)

Israelis Strike Back At Shiites

Reuters

TEL AVIV — Israeli soldiers supported by Lebanese militiamen raided Shiite villages in southern Lebanon on Thursday, killing at least three people in assaults launched under a new Israeli operation aimed at curtailing guerrilla attacks.

The Israeli drive is aimed at Shiite villages believed to be responsible for most of the recent attacks on its forces, who have lost more than 600 troops since Israel's invasion of Lebanon in June 1982.

Israeli newspapers said the new drive included curfews, preemptive arrests and spot searches.

"There is no sense in getting into a total war with the Shiites, but we have to hit them back so they know they can't make a mockery of us," an officer was quoted as saying.

In Thursday's operations, members of the Lebanese militia, known as the South Lebanon Army, killed two villagers and arrested dozens more in the village of Arab Salim, north of Nabatieh, an Israeli source said. An Israeli colonel was killed Sunday in the village.

In another action, Israeli soldiers aided the village of Deir Qanoun, near Tyre, killing one villager and wounding another, a spokesman for the United Nations ceasefire forces said. The Israelis withdrew after arresting 15 villagers and demolishing a house.

Lebanese security sources said Israeli troops crossed their new front line for the first time since withdrawing Saturday from the Si-on area. The Israelis raided the Shiite village of Zariyah, north of the Litani River.

Israel's latest offensive against the Shiite guerrillas began less than a week after the Israelis completed the first phase of a three-stage withdrawal from southern Lebanon.

Meanwhile, the Jerusalem Post said Israel had offered sanctuary to Lebanese who feared reprisals for helping Israeli forces. It said some of the collaborators had already been resettled in Israel.

In the past two months, more than 80 people believed to have collaborated with the Israelis have been killed in southern Lebanon.

Appeal From Gemayel

President Amin Gemayel of Lebanon called Thursday for international intervention to end the Israeli "inhuman practices" allowing the Israeli sweeps through the Shiite villages, Agence France-Press reported from Bei-

Gandhi on Links to U.S. Arms Sales to Pakistan a Big Problem

By Rone Tempest
Los Angeles Times Service

NEW DELHI — While expressing hope for better relations between India and the United States, Prime Minister Rajiv Gandhi has made it clear that closer ties are hindered mainly by the continued U.S. supply of weapons to Pakistan.

In wide-ranging interviews with the Los Angeles Times, Mr. Gandhi said of U.S.-Indian relations:

"I think it very much depends on U.S. policy. We have an open mind, but there have always been problems with the arming of Pakistan. We see these weapons as ultimately being used against us. This worries us. This is the biggest problem we have with the United States in our region."

"We want to live in peace with all of our neighbors. We can't afford to spend too much on weapons. So far, we have kept our spending to a little more than 3 percent of our gross national product. This is much lower than most other countries. We feel that we are very balanced and that we have not taken sides in the world. We try to judge each case on its own merit."

In the interviews, Mr. Gandhi's first with a Western newspaper since he became prime minister in October after the assassination of Indira Gandhi, his mother, the 40-year-old leader said he was worried by reports of increased funding by the U.S. Central Intelligence Agen-

cy for Afghan rebels based in Pakistan.

"Really, it gives an excuse for the Soviet troops to be there," he said. "There have been reports that the CIA is spending more than \$200 million to supply the rebels. This is the highest they have spent anywhere since Vietnam," Mr. Gandhi said. "That is worrying us as well as the weapons in Pakistan."

Asked if India favored the Soviet position, he said: "We don't like any intervention by any country in any other country. And that goes equally for both major powers, and for smaller powers."

Mr. Gandhi balanced his criticisms of the Soviet Union and the United States. For example, he said he was encouraged by the decision of the New Zealand government to ban from its ports U.S. warships that could carry nuclear weapons. But he said he did not think that such actions should be taken only against the United States.

"More countries should take a stand against both blocs," he said, "not targeting only one or even the two superpowers. Great Britain, France and China have the weapons."

"What is getting more and more dangerous now," he said, "is this talk of a limited or controlled nuclear war. This is a highly dangerous concept, because I don't think that any such war, once started, can be controlled."

Regarding the conflict between

(Continued on Page 2, Col. 2)

Arms Sales to Pakistan a Big Problem

By Rone Tempest
Los Angeles Times Service

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(Continued on Page 2, Col. 2)



Some of the 16,000 competitors in the rarely run, 124-mile elfstedentocht skating past a windmill in Friesland province.

Icy Race Hits A Warm Spot In Netherlands

Reuters

LEEWARDEN, Netherlands — As hundreds of thousands of spectators flocked to canals to watch, the parliament adjourned a debate and millions watched on television, a 26-year-old dairy farmer won a rarely run skating marathon Thursday over the frozen waterways in the Netherlands.

At the finish of the 200-kilometer (124-mile) race in the province of Friesland, Evert van Benthem, from the tiny northern village of St. Janiskerk, was garlanded by Queen Beatrix.

The race, called the *elfstedentocht*, or 11 cities tour, has been run only 12 times this century. Mr. van Benthem completed Thursday's tour in 6 hours 47 minutes, which is 48 minutes ahead of the record set in 1954. Behind him, 16,000 exhausted competitors struggled.

When the last elfstedentocht was run, in 1963, only 214 of about 10,600 competitors finished. But Thursday's weather was quite warm, with temperatures just above freezing, and thousands of those who began were expected to complete the tour.

The weather rarely allows the race to take place, since a sustained freeze is needed to ensure safe ice on the canals and waterways.

Japanese Says West Is No Economic Contender

By Sam Jameson
Los Angeles Times Service

TOKYO — Nobuo Matsunaga, the ambassador-designate to the United States, has declared that Japan is so strong economically that the United States and Western Europe "can't compete at all" with his country under present tariffs.

Mr. Matsunaga, who is to take up his post in Washington late next month, made the unusual comment Wednesday at the Japan National Press Club.

He said that, in golf terminology, the United States and Western Europe must have their handicaps raised in order to compete with Japan.

Japan, the former deputy foreign minister said, received "the strongest blow in the world" as a result of the sharp rise in oil



Nobuo Matsunaga

prices in 1973 and 1974, and has not only overcome the effects of that shock but has grown strong in the process.

"I think the Japanese economy

can cope with rather severe problems," he said. "We should have more confidence in the strength of our economy. The time has come for Japan to pick up the flag of free trade and take the lead in pushing for a new round of multinational trade negotiations."

Except for "a tiny number of items," Mr. Matsunaga said, Japanese tariffs have been reduced to at least the same or lower levels than tariffs in Europe and the United States.

"But our economic strength has changed dramatically," he said. Therefore, he added, "the United States and Western Europe can't compete at all. That is the condition which has developed. We Japanese should pay attention to it."

Mr. Matsunaga said the Japanese take seriously proposals in

the U.S. Congress to impose an across-the-board surcharge on imports.

"If such a surcharge is imposed, there is no doubt that the world economy would move dramatically in the direction of constricting trade," he said. "Great chaos would occur in the management of the world economy."

He said Japan should respond to Reagan administration pleas for "amunition" to combat such protectionist moves in Congress.

Japan, he said, will not be able to shift its policy 180 degrees overnight to open its markets completely in specific areas now at issue with the United States. These, he said, included forestry products, electronics, telecommunications equipment, medical equipment and pharmaceuticals.

Economy In U.S. Surged

GNP Revised Up To 4.9% Rate In Last Quarter

By John M. Berry
Washington Post Service

WASHINGTON — The economy finished 1984 on much more of an upbeat note than had been reported earlier, with fourth-quarter gross national product rising at a 4.9-percent annual rate, the Commerce Department said Thursday.

That was a percentage point higher than the preliminary inflation-adjusted figure of 3.9 percent released last month and more than 2 percentage points above the initial estimate of 2.8 percent made before the quarter ended Dec. 31.

The latest upward revision in GNP, which is the country's total output of goods and services and the broadest measure of economic health, was based on more complete information on economic activity in the October-December period.

The revision was due primarily to a better trade performance and a smaller drop in business inventories than was estimated earlier. However, some gains in those areas were partly offset by a downward revision in the level of business investment in equipment, the department said.

Economic growth for all of 1984 was also revised upward to 6.9 percent from the earlier estimate of 6.8 percent. The revision left 1984 with the best economic growth in more than three decades — since an 8.3-percent rise in 1951.

The economy's growth slowed unexpectedly in the summer and early fall last year, holding the increase in real output to only 1.6 percent in the third quarter. But growth has accelerated again and more rapidly than many forecasters had expected. Many now believe that the economy will expand by 4 percent or 5 percent this quarter.

Administration and private economists have predicted a growth rate of 4 percent for this year and most agree that is the minimum necessary to improve the unemployment rate.

With the revisions, the economy is now estimated to have grown at a 3.3-percent rate in the second half of 1984, down from the 8.6-percent rate of the first half.

The Commerce Department also revised upward its estimate for inflation in the fourth quarter. The GNP implicit price deflator, which measures changes in certain prices and types of production, rose at a 2.8-percent annual rate for the quarter, rather than the 2.4-percent rate estimated last month.

Similarly, the GNP fixed-weighted price index, a measure that is not affected by changes in the mix of actual goods and services produced, rose at a 3.4-percent rate, a tenth of a percentage point more than the preliminary figure.

Both the level of net exports and the change in business inventories had markedly different impacts on the overall GNP figures in the third and fourth quarters.

The steady stream of better economic statistics in recent months, including the upward revisions in GNP, have convinced virtually all forecasters that any danger of recession this year has all but vanished.

After the unexpected pause in the expansion during the summer, a number of economists had warned that a recession, or at least a period of near-zero growth was at hand. Now, the forecasts generally show solid growth for the rest of the year.

For instance, a recent forecast from Townsend-Greene & Co., a New York consulting firm headed by economist Alan Greenspan, calls for real output to rise at a 4-percent rate or better in the first three quarters and at a 3.4-percent rate in the fourth quarter.

Thatcher Says She Has 'Real Hope' For New U.S.-Soviet Arms Talks

By John M. Goshko
Washington Post Service

WASHINGTON — Prime Minister Margaret Thatcher said Thursday she has "a real hope" that the U.S.-Soviet arms control negotiations beginning next month will lead to substantial reductions in the nuclear arsenals of the two superpowers, although she expects progress to be slow.

"What gives me hope are two things," Mrs. Thatcher said at a press conference before concluding a three-day visit to Washington during which she addressed a joint meeting of Congress, met with President Ronald Reagan and the chairman of the Federal Reserve, Paul A. Volcker.

"First," she said, "is the nature of the weapons themselves and the belief that we have too many on both sides. Secondly, I think the Soviet Union and the West both wish to maintain security but at a lower level in the numbers and cost."

Mrs. Thatcher, who met with a Soviet Politburo member, Mikhail

S. Gorbachov, in December, said she believed that East-West meetings on a wide range of issues could help to promote the arms control process.

She said: "I found the greatest possible interest on Capitol Hill, and indeed everywhere in Washington, in the view we have taken after Mr. Gorbachov's visit to London that we should have as many talks as possible with the Soviets. If we are to get better results in arms control, we have to have a better dialogue and understanding."

Although Mrs. Thatcher is known to be concerned about the effects of the U.S. budget deficit on the British economy, she said that she had not given Mr. Reagan advice about reducing the deficit or bringing down the rising value of the U.S. dollar.

"I don't think he needs any messages to get the deficit down," she said. "He is very much aware of the problem. It's an enormously difficult job, whether in the United States or Britain, and I don't have any list of rapidly ready answers that I could pull out and give to you."

She reiterated her support for Mr. Reagan's Strategic Defense Initiative of research into anti-missile defense systems. But she also emphasized her Dec. 22 agreement with Mr. Reagan that the 1972 Anti-Ballistic Missile Treaty bars the United States from deploying such systems without future negotiations with the Soviet Union.

"It is acknowledged that if it comes to deployment, you must negotiate," she said. "In any case, we are talking about something that involves an enormously long time — many, many years — between research and any deployment" of anti-ballistics systems or other space weapons.

Mrs. Thatcher also said that Britain agreed with the United States in its decision to withdraw from nearly all military cooperation with New Zealand because of that country's refusal to permit port calls by U.S. warships that are carrying nuclear arms.

"I am as disappointed as you are over the approach taken by the prime minister of New Zealand," she said. "He knows my view."

British officials made clear that when Prime Minister David Lange arrives in London later this week, he will be advised that Britain intends to follow the U.S. lead and refuse to allow British vessels to call at New Zealand ports if they are required to say whether they carry nuclear weapons.

Mrs. Thatcher said Britain felt "very close" to New Zealand, a member of the Commonwealth, and would be "very disappointed" if British ships are unable to go there.

But she added: "I have no intention of answering questions about the strategic condition of British warships. I hope they will not ask. I cannot and will not answer that question."



Margaret Thatcher met with Paul A. Volcker, chairman of the Federal Reserve Board, in Washington on Thursday to discuss the effects of the U.S. deficit and the rising dollar.

Genscher Is Leaving Party Post In Germany

Reuters

BONN — Foreign Minister Hans-Dietrich Genscher is due to step down as leader of West Germany's Free Democratic Party this weekend in an apparent attempt to heal internal divisions and reverse the party's flagging fortunes.

Mr. Genscher, 57, is due to hand over the party chairmanship to Economics Minister Martin Bangemann at a congress in Saarbrücken aimed at ending more than two years of upheaval and often acrimonious policy disputes within the party.

The longest-serving foreign minister in the West after a decade in office, Mr. Genscher has said he is standing aside because government work leaves him too little time to deal with party affairs and prepare for an election due by 1987.

However, leading party officials say he has responded to pressure for a new leader to help to overcome deep internal divisions left by the Free Democrats' switch from a coalition with the Social Democrats to an alliance with the Christian Democrats in 1982.

"Genscher knows that his critics in the party will not keep quiet while he is still in charge," a senior West German diplomat said. "He also knows that if the FDP doesn't soon pull itself together, it faces political extinction."

After the Free Democrats joined Chancellor Helmut Kohl's Christian Democrats to form a center-right government, dozens of senior and middle-ranking officials quit and its popularity plummeted.

According to opinion polls the party, which has 35 members in the 520-seat West German parliament, now has the support of only three percent of the electorate. This puts it below the minimum of 5 percent of the votes needed to secure a place in the assembly and would mean political annihilation in an election.

Party strategists have argued that the Free Democrats needs a more united and vigorous image if they are to recoup their popularity.

Mr. Genscher, chairman of the Free Democratic Party since 1974, has said he will continue in office as foreign minister and even expressed hopes of occupying the post after the next general election.

But he has also pledged to leave the running of the party entirely to Mr. Bangemann, 50, who has said he will seek to reforge an image of a credible and indispensable alternative to the major parties.

Although Mr. Bangemann's enthusiasm and gifts as a speaker appear to have made an impact, many West German commentators remain doubtful that he will be able to pull the Free Democrats out of their decline.

Some predict tension between the new chairman and Mr. Genscher, who helped to remove Mr. Bangemann as the party's general-secretary in 1975 after he criticized the alliance with the Social Democrats.

Others believe he will be unable to pacify some leftist liberals in the party who have made clear they dislike his commitment to more rightist economic policies and strict limits on social services.

The strength wielded by the party's leftists is likely to become evident at the Saarbrücken congress when it discusses and votes on a new basic party program. Critics have said the proposed new program is too far to the right of the present one, drawn up in 1971.

WORLD BRIEFS

Hundreds More Arrested in Pakistan

ISLAMABAD, Pakistan (AP) — Hundreds of people have been rounded up during the past four days to prevent them from campaigning for a boycott in the national elections scheduled next week, the military authorities acknowledged Thursday.

A government spokesman said 369 people were arrested under "preventive detention" measures incorporated in martial law regulations. He said those arrested were "trying to persuade the people not to take part in the elections," adding, "we want to ensure that the elections are held in a peaceful atmosphere."

Newspapers said more than 650 persons have been placed in custody so far. The latest arrests were believed to be the largest number in a single sweep during the current crackdown. Campaigning for national and provincial assembly elections began six weeks ago.

Greece, U.S. to Sign Aviation Accord

ATHENS (AP) — Greece and the United States have reached agreement on a one-year civil aviation accord for U.S. airlines flying into Greece, a government spokesman said Thursday.

The spokesman, Dimitrios Maroudas, said U.S. and Greek officials would sign the new agreement on Friday. But the agreement, which extends the present status of civil flights between the two countries, does not solve a long-running dispute over how many U.S. airlines should be permitted to fly into Greece.

At present only Transworld Airlines runs scheduled flights to Greece. Talks will continue over the next year for a new long-term agreement and balanced financial regulations will be made by both sides," Mr. Maroudas said. Greece unilaterally abrogated a 1946 civil aviation agreement last year, saying it was "one-sided and colonial and gave excessive rights to American civil aviation at the expense of Olympic Airways."

U.K. Program on Phone Taps Banned

LONDON (Reuters) — A television documentary claiming that Britain's counterespionage service taps the telephones of unionists, leftist politicians and pacifists, has been banned from being broadcast, its producer has said.

The allegations were made in a documentary, "MI5's Official Secrets." The show's producer, Claudia Milne, said the Independent Broadcasting Authority, which supervises commercial television, banned the film because it believed that it breached the Official Secrets Act. The program was scheduled to have been shown Wednesday.

The general secretary of the Campaign for Nuclear Disarmament, Monsignor Bruce Kent, said: "It is a very cowardly approach." Larry Gostin, general secretary of the National Council for Civil Liberties, said: "The IBA is aiding and abetting a cover-up instead of protecting the public's right to know."

Isabel Perón Resigns as Party Leader

BUENOS AIRES (AP) — Peronist Party officials said Thursday that Argentina's former president, Isabel Perón, who lives in seclusion in Spain, has resigned as leader of the party founded by her late husband.

The party officials said Mrs. Perón announced her "irrevocable resignation" in hand-delivered letters. Mrs. Perón moved to Madrid when the military freed her and has not been involved in day-to-day party activities. But despite that she has remained the movement's figurehead, with powerful symbolic influence through her status as Perón's widow.

Isabel Perón served as Juan Perón's vice president when he returned from exile and was elected president in 1973. She succeeded him after his death the following year, but the military deposed her in 1976 and kept her under house arrest for five years. Her term as president was marked by growing political chaos and economic mismanagement.

Vatican Employees Schedule Strike

VATICAN CITY (Reuters) — The union representing lay Vatican employees has scheduled the first official strike in the history of the Vatican for Tuesday unless demands over pay and other issues are met, a union official said Thursday.

The union, representing about 1,650 lay employees, called for the strike during a meeting of about 50 delegates. It is set to last 24 hours to press a series of demands on salaries, overtime payments, seniority rights and other matters. There has never been a strike by Vatican employees, although there have been unofficial slowdowns and protests.

The strike may affect the operations of the Vatican daily newspaper, L'Osservatore Romano, Vatican Radio, the postal service and the museums. It will not affect the Swiss Guard or security personnel and the union has guaranteed that essential services will be carried out. Pope John Paul II has strongly defended workers' rights and he has recognized the union. But Vatican sources have said he wants an agreement to be reached without a strike.

Greek Newspaper Publisher Is Slain

ATHENS (AP) — A gunman Thursday killed a conservative Greek newspaper publisher, Nicholas Marmarinos. The police said his driver was wounded and in critical condition.

The police found a leaflet at the scene signed by November 17, a leftist group that has claimed five assassinations, including those of two U.S. diplomats, since 1975. Mr. Marmarinos, chairman of the board of directors of Apogefmatini, was killed at a busy intersection, according to the Athens police chief, Manolis Botsinakis. The gunman fired through a closed limousine window as the publisher was being driven to his office in the city center, the police said.

Sweden Toughens Anti-Apartheid Law

STOCKHOLM (UPI) — Sweden's parliament has toughened its sanctions against the South African policy of racial discrimination by widening a ban on Swedish investments in South Africa and it urged other nations to follow suit.

Mats Hellstrom, the minister of foreign trade, said the new law aims to express "Sweden's abhorrence of the apartheid regime" in which the white minority of South Africa segregates and denies civil rights to its 22 million blacks. "I encourage as many countries as possible to take similar action, even at the cost of market shares," he said.

The new measure, approved by 220-78 Wednesday, closes loopholes in a 1979 law banning Swedish companies from making new investments in South Africa and Namibia. It prohibits long-term leasing as a means of circumventing the investment ban and provides a clause empowering the Swedish government to stop technology transfers to South Africa. Eleven Swedish companies operate in South Africa, with a total yearly turnover of about \$180 million.

5 Ordered to Leave New Caledonia

NOUMEA, New Caledonia (UPI) — Edgard Pisani, the special French envoy to New Caledonia, expelled Thursday five rightist activists, including a local political party leader, from the French colony in the South Pacific.

The five, who are originally from France but have lived in New Caledonia for more than 10 years, were ordered to leave their island homes before midnight Thursday because they "belong to an organization likely to disturb the peace," Mr. Pisani said.

The expelled group included Claude Sarraz, leader of the rightist Caledonian Front party. The five were accused of leading a group of white loyalists into the native separatist stronghold of Thio on Sunday, causing a battle between police and separatists in which 11 persons were injured.

For the Record

Greece's transportation system was disrupted Thursday when 100,000 taxi, truck and bus drivers began a 24-hour strike to back demands for better pensions.

President Ronald Reagan was scheduled to hold the first news conference of his second term Thursday night in Washington, beginning at 1 A.M. GMT Friday. It was to be Mr. Reagan's 28th formal question-and-answer session with reporters.

Rains Hold Promise of Relief in Zimbabwe

(Continued from Page 1)

and Zimbabwe at least \$2 billion. The Food and Agriculture Organization has estimated that the drought forced the six countries to import at least two million tons of grain last year alone.

The coming of the rains is expected to have a ripple effect throughout the economy. It also has impact on the political and social climate, and has contributed to a mood of optimism here among peasants and the predominantly white business community that could aid Prime Minister Robert Mugabe's bid for a larger majority in this year's national elections in Zimbabwe.

"There's no question the drought had cast an enormous shadow over everyone," said Mr. Laurie. "But now there's a greater feeling of confidence, a feeling that we're finally over the hump."

Emergency-Aid Bill Gains WASHINGTON — Two U.S. House appropriations subcommittees voted unanimously Wednesday to provide \$880 million in emergency food aid to African famine victims, more than triple the amount requested by the Reagan administration. The Washington Post reported.

The full Appropriations Committee was expected to approve the emergency measure Thursday. The committee chairman, Jamie L. Whitten, Democrat of Mississippi, said he hoped to bring the matter to the House floor for a vote early next week. The Senate is set to begin work on similar measure.

Gandhi Says Arms Sales Hurt Ties to U.S.

(Continued from Page 1)

The United States and the Soviet Union over the presence of more than 100,000 Soviet troops in Afghanistan, Mr. Gandhi said. "We want both sides to lay off, to put it bluntly."

The prime minister also said that India would not resume its program of developing nuclear weapons, even if Pakistan makes its own bomb.

"It is very difficult to foresee every situation," Mr. Gandhi said, "but at the moment I don't see a situation arising where we would start up again making the bomb. Just the fact that Pakistan made a bomb would not make us change our policies."

"We don't want to become the same as the others," he added. "That would only make the situation worse, not better. It would make us no different than the others who are making a bomb, whom we are trying to talk out of making a bomb."

On a two-day election campaign trip through four Indian states and 25 cities, the picture of Mr. Gandhi that emerged was that of a leader who seems more objective and open-minded, less strident and polemical, than his mother, who ruled India for 16 of the past 18 years.

In the two days of strenuous campaigning, aimed at winning control of state legislatures for his Congress (I) Party, Mr. Gandhi appeared before wildly enthusiastic crowds in cities and tiny, tribal hamlets alike. The crowds, the largest of which numbered about 300,000 people, were estimated to total more than 2 million people.

"During the parliamentary campaign," said P.P. Pandey, a journalist who often accompanies the prime minister, "people said the crowds were coming just to see the new man or because of sorrow over his mother. Now they are coming to see him. They are his crowds."

Mr. Gandhi's anti-corruption campaign has been the boldest of his efforts since his landslide election in December.

During the parliamentary elections, he dropped many incumbent Congress (I) candidates who had served under his mother. For the March 2 and March 5 state assembly elections in 11 states, Mr. Gandhi and his young advisers cut hundreds of Congress (I) incumbents, including dozens of state ministers, from the party lists.

In an informal discussion on board his plane, Mr. Gandhi described the anti-corruption effort as an agonizing and dangerous move. To purge the rolls of candidates he felt had been corrupt or ineffective meant eliminating many longtime professional politicians, including many who had been strong allies of his mother.

"The system over the years has slowly deteriorated," he said, "and the corruption sort of inched itself in at all levels — everywhere."

Gandhi's Views On Domestic Issues

Sri Lankan Fears About India:

I made it very clear to press reporters the other day that there is no question of India's intervening in Sri Lanka. But I don't think they are fully in control of their armed forces. We're getting terrible reports about the army in our newspapers. That makes it difficult for us. I told Lalith Athulathumudali (the Sri Lanka minister of national security, who met with Gandhi two weeks ago), "as long as there is a feeling in India that you are committing atrocities on the civilian Tamils — not the terrorists, but the nonterrorists — it is very difficult for us to help you."

India's Role as a Nuclear Power:

It is very difficult to foresee every situation, but at the moment I don't see a situation arising where we would start up again making the bomb. Just the fact that Pakistan made a bomb would not make us change our policies. We don't want to become the same as the others. That would only make the situation worse, not better. It would make us no different than the others who are making a bomb, whom we are trying to talk out of making a bomb. We have been a very good example to the world. Firstly, because we can make a nuclear bomb, and have not done so. Secondly, because we will not be drawn into a race.

His Anti-Corruption Drive:

We've got our fingers crossed. We've really taken on the whole test at one blow. We could have tried it piecemeal, but we probably never would have made it. The system over the years has slowly deteriorated, and the corruption sort of inched itself in at all levels — everywhere. We've got to change the mental attitude of the people about government.

India's Population Growth:

Our program is much bigger than it has ever been before. We are concentrating on it. It really is



Rajiv Gandhi

a make-or-break thing with India. If family planning doesn't work, then nothing else will work. One thing we need is a comprehensive program. There is no one method which can be satisfactory for everyone. One of the key issues is education, more specifically, women's education. By that I mean not education about family planning, but just education, normal education.

Family Planning:

There is no tension on this issue at this moment. One method [of sterilization] that is becoming extraordinarily popular is laparoscopy. Women are really going for it in a big way. They have camps set up in villages and schools, where the doctors go with their laparoscopes and equipment. And the women just wait and won't go away. I've had doctors tell me they've had about 900 operations in one day. The women have even made up songs about it that they sing in their camps.

Chess Chief Denies Soviet Urged End to Game

By Henry Kamm
New York Times Service

ATHENS — Florencio Campomanes, who halted the marathon world chess championship between Anatoli Karpov and Gary Kasparov last week, said Thursday before deciding whether to order an early resumption of the match.

The president of the International Chess Federation said in an interview before flying home to Manila that so far he has spoken only with Mr. Karpov, the champion. He said he had been unable to reach Mr. Kasparov.

Mr. Campomanes, who will reach Manila on Friday, said he had asked the Soviet chess authorities to arrange a telephone conversation with the challenger. He declined to disclose what was said in his discussion with Mr. Karpov.

The champion continued the dispute Tuesday when he visited Western news organizations in Moscow to deliver the text of a letter to Mr. Campomanes demanding the immediate resumption of play.

Mr. Campomanes set off what has become a major scandal in the chess world when he announced at a news conference in Moscow that the players and others connected with the five-month match were too exhausted to continue.

In Athens, Mr. Campomanes testily rejected widely voiced suspicions that he had been influenced by Soviet chess authorities to save Mr. Karpov's crown. The suspi-

cions arise from a belief that the authorities favor Mr. Karpov, who is a Russian firmly established in Communist Party circles, over Mr. Kasparov, also a Soviet citizen but an Armenian of Jewish background and believed to be less highly regarded.

"No one can pressure me, especially when it comes to chess," the 38-year-old Filipino said. "It is what I hold dear, hold dear. It is my only religion."

Mr. Campomanes said his halting of the match after 48 games, 40 of which ended in draws, deprived Mr. Karpov of an advantage rather than favoring him. The champion won the first five games in the series in which the player who wins six becomes champion.

But while Mr. Karpov showed increasing tiredness, the challenger rallied to win three games. After Mr. Kasparov's third victory, Mr. Campomanes made his surprise ruling.

He pointed out that his decision to order a new match starting in September with a score of 0-0 caused the champion to lose his automatic right to a return match. Mr. Campomanes added, "Maybe there is a little politics in this," Mr. Campomanes said.

"Many people associate Mr. Karpov with the 'establishment.' Maybe those who want to be critical of the Soviets want to take up the cudgels for Kasparov."

He said that the challenger had originally given his assent to the halting of the match by not protesting at the news conference until after Mr. Karpov rose to demand continuation of play.

"Silence is acquiescence," Mr. Campomanes said. He added that he believed Mr. Kasparov insulted him in Russian when he made his protest, although he had not received a translation.

"I'm going to deal with him properly at the proper time," he said.

Mr. Campomanes said his decision had been based on his concern for the cause of chess only and had been under consideration by himself and many chess authorities and officials for a long time.

"I have to worry about the two greatest players in the world," he said. "It is my responsibility. They can hang me, crucify me, but I wonder whether they would still do it with the hindsight of one year later."

"We are dealing with two excellent players who have discovered almost the perfect way of achieving a draw," he said. The match was drawn out to its record length by 40 draws. "If they don't want to risk anything, they know how to draw. They are two experts at tie-tactics."

U.S. Says the Russians Were Silent on Afghans

United Press International

WASHINGTON — U.S. officials, in two days of talks with Soviet diplomats, held a "one-way conversation" on Afghanistan and requested a proposed conference on the Middle East, a State Department official said Thursday.

The State Department said no agreements had been reached in the talks on Middle East issues with Soviet officials in Vienna on Tuesday and Wednesday, and no follow-up meetings were scheduled.

The closed talks, the superpowers' first high-level official discussions on the Middle East since 1977, were described beforehand as an "exchange of views," not negotiating sessions.

"We were not attempting to reach any agreements or understandings," said a department spokesman, Edward Djerjian. "The meetings nevertheless were useful in clarifying each side's policies and positions. They were conducted in a business-like atmosphere."

Richard W. Murphy, assistant secretary of state for Near Eastern

New York's Subway Gunman Files Countersuit Against Two Victims

The Associated Press

NEW YORK — Bernhard H. Goetz has filed \$1 countersuits against two of four youths he shot after they confronted him on a New York subway.

One of Mr. Goetz's lawyers said Wednesday, after filing the countersuits, that Mr. Goetz did so to prove that "he was justified and

right" in the shooting. Mr. Goetz's lawyers also filed papers Wednesday asking that multimillion-dollar lawsuits by two victims be moved from state to federal court.

Mr. Goetz was arrested for the Dec. 22 shootings of four youths he said menaced him on a New York subway. A Manhattan grand jury indicted him only for illegal gun possession.

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U.S. to Send El Salvador 4 Helicopter Gunships

By Robert J. McCortney
Washington Post Service

WASHINGTON — The U.S. government plans to supply El Salvador with four rapid-fire helicopter gunships that the Reagan administration says will expand significantly the ability of the Salvadoran armed forces to patrol roads and carry out quick-reaction airborne assaults, U.S. officials said this week.

The Hughes 500 helicopters are to be equipped with multiple-barrel guns capable of firing 5,000 to 6,000 rounds a minute, roughly double the maximum rate of fire of two C-47 airplane gunships delivered to El Salvador in December.

A U.S. Embassy spokesman in San Salvador said Tuesday that the new gunships were "in the pipeline" and could arrive in El Salvador within the next three months.

The use of the C-47 airplanes aroused argument in the U.S. Congress, where some Democrats expressed concern that the steadily escalating air war in El Salvador increases the likelihood of civilian casualties. The delivery of the new Hughes helicopters appeared likely to fuel further criticism.

In addition, new questions have arisen about three Hughes 500 helicopters, one equipped with a similar rapid-fire gun, already in the Salvadoran arsenal.

Congress generally has backed the administration's policy in El Salvador since the inauguration in June of President José Napoleón Duarte, but the air war is one issue regarding El Salvador where congressional skepticism remains high.

Congressional critics say they

are particularly concerned that the administration is strengthening the Salvadoran Air Force without a full debate on the types of weapons being provided or on how they are to be used.

The four new helicopters were approved as part of a supplemental appropriation last year. But at least one member of Congress has raised concern about three other Hughes 500 aircraft, already in El Salvador, that were not included on a list of U.S.-supplied weaponry that the State Department provided to Congress in November.

Senator Edward M. Kennedy, Democrat of Massachusetts, sent a letter to Secretary of State George P. Shultz asking how El Salvador had acquired the three aircraft, and the rapid-fire gun, and "in what situations they are used."

Of the three Hughes helicopters already in El Salvador, the one equipped with a rapid-fire gun has been used to support airborne assaults and provide covering fire for ground troops, a military source in San Salvador said. He said that one of the three was obtained in 1979 and the other two came in 1982 or 1983, although he did not know where.

El Salvador's U.S.-supplied air force has expanded substantially since Mr. Duarte's inauguration. Its fleet of Huey UH-1 helicopters, with machine guns but used primarily to ferry troops, has nearly doubled to 39, including four medical evacuation helicopters. Last month three A-37 Dragonfly jet bombers were added to the six already there.



Edwin Meese 3d

New Director Only One of Many Changes at Justice

By Ronald J. Ostrow
Los Angeles Times Service

WASHINGTON — Edwin Meese 3d, who awaits virtually certain confirmation by the Senate to be U.S. attorney general, has generated both greater fears and higher expectations than any nominee for the nation's top law enforcement post in at least two decades.

The skeptics, questioning Mr. Meese's administrative competence, cite his legendary bottomless briefcase, in which paperwork is said to disappear. They contend that Mr. Meese, one of President Ronald Reagan's top aides during his first term, has a record of appointing assistants who are high on ideological commitment but low on practical knowledge.

His supporters expect him to

push more vigorously on the social issues, including abortion and school prayer, than his predecessor, William French Smith. They predict that Mr. Meese, a former prosecutor in Alameda County, California, with an unflagging support

NEWS ANALYSIS

for law enforcement, will forge strong ties with law enforcement agencies across the country.

This much is sure: Mr. Meese, whose nomination has been pending before the Senate for more than a year while the Senate Judiciary Committee, an independent counsel and the Office of Government Ethics investigated conflict-of-interest charges and other allegations, will take command of a department that has dramatically shifted during Mr. Reagan's first term.

Under Mr. Smith, for example, the department began to oppose school busing and job quotas as civil rights remedies and to relax antitrust barriers to corporate mergers. Only Mr. Smith's low profile and nonconfrontational style, qualities Mr. Meese's supporters acknowledge are in short supply with him, prevented these 180-degree turns from exploding into major political issues.

It is a department that is ripe for more change. Five of the 11 assistant attorneys general are serving in an acting capacity until Mr. Meese recommends full-time appointees to Mr. Reagan. J. Paul McGrath, assistant attorney general for antitrust, has announced that he will leave April 1.

Carol E. Dinkins is expected to step down soon as deputy attorney general, and Solicitor General Rex E. Lee, a key policymaker and the government's chief advocate before the Supreme Court, is likely to leave at the end of the court's current term.

"It's practically a whole new department, much like the start of a newly elected president's first term," said a former administration official who has worked with

Mr. Meese. "That's why the major wait-and-see point about Ed is the kind of people he chooses to come to Justice. One of his weak points has been the people he picks."

Mr. Meese's reputation as a poor manager has the department edgy. An official who has worked with him said:

"He has a good and quick mind, but he acts on what is put before him with a large dose of instinct. Articulation of long-term goals and the means to accomplish them is not the sort of things he spends time on."

Mr. Meese's seeming commitment to conservative ideology is also worrying some department officials. One said Mr. Smith, a well-credentialed political conservative, consistently opposed the expansion of governmental powers even when used for such conservative causes as stopping abortion.

Mr. Meese had no such compunctions, according to another former official who worked with him. "It always looks easier to do something from the White House than from Justice," he said.

Some officials contend, however, that Mr. Meese's reputation as a right-winger has been overdrawn. Other officials say Mr. Meese will not necessarily follow the same

Lunar Eclipse of Pluto Shows Planet Has Moon

Washington Post Service

WASHINGTON — Astronomers in Texas, taking advantage of an opportunity that occurs only for a short period every 124 years, have witnessed an eclipse of the planet Pluto by its moon, confirming that the planet actually has a moon.

The observation was made early Sunday morning. Preliminary evidence of the moon emerged in 1978 and astronomers named the object Charon. But they needed confirmation to gain official recognition of the satellite by the International Astronomical Union.

ideological path at the Justice Department that he pursued in the White House.

Mr. Meese will have plenty to do in his new job: trying again to reform immigration law through penalties for employers who knowingly hire illegal aliens and amnesty for illegal aliens already in the country; obtaining the get-tough provisions, such as restoration of the death penalty and limiting habeas corpus appeals, dropped from last year's sweeping criminal law revision; and taking an official position on the sensitive question of whether

to guarantee equal pay for persons in "comparable" jobs.

But cases involving two individuals important to the Reagan administration may prove to be the most sensitive issues Mr. Meese confronts in his first days. They are Labor Secretary Raymond J. Donovan, who is on leave while under state indictment in New York, and Jackie Presser, president of the Teamsters Union and Mr. Reagan's most powerful labor supporter, whose prosecution for labor fraud has been recommended by federal attorneys.

Turnaround Reported For 2d Heart Patient

Compiled by Our Staff From Dispatches

LOUISVILLE, Kentucky — The remarkable recovery of Murray P. Haydon as the world's third recipient of a permanent artificial heart implant has slowed somewhat due to kidney problems, but doctors say William J. Schroeder, his predecessor, has shown a dramatic turnaround in the last few days.

Dr. Allan M. Lansing, chief medical spokesman for the artificial heart team, said Thursday that Mr. Haydon had become a bit fatigued during three days of otherwise flawless recovery from the implant operation.

Dr. Lansing said a kidney specialist had examined Mr. Haydon on Wednesday and had said the kidney problem was due to Mr. Haydon's condition before surgery and to the stress of the surgery.

Mr. Schroeder, however, might be able to leave Humana Hospital Audubon as early as next week because of a startling improvement in his health and mental outlook, Dr. Lansing said Wednesday.

His family has already fitted him with a tuxedo for his son's wedding March 16, an event that Mr. Schroeder had said was one of the main reasons he chose to participate in the heart experiment.

This news contrasted sharply with Dr. Lansing's earlier report that Mr. Schroeder might never go home and that his life might be threatened by his discouragement over an unexplained illness and fever. Dr. Lansing said Thursday the fever had subsided. (NYT, AP)

U.S. Court Stirs States Rights' Furor

By John Herbers
New York Times Service

WASHINGTON — A furor has erupted among American governors, mayors and other local officials over the Supreme Court ruling that 13 million state and local government employees are subject to U.S. wage and hour standards.

Some said that Tuesday's 5-4 decision would raise costs and increase bureaucratic red tape.

But beyond that, there is a consensus that the ruling struck at the heart of efforts by state and local governments to win broader authority through the courts to operate their jurisdictions with less interference from Washington.

Governor Bruce Babbitt of Arizona, a Democrat who is a leading advocate of restoration of state powers, said he was particularly concerned about "the aura of totality" of the decision, which leaves the Congress and the states contesting on political rather than constitutional grounds.

Governor Babbitt and other governors said that because the court had "taken a walk" there was fear that Congress would be free to preempt state power in areas far beyond wage and hour standards, in education, crime control, consumer protection and other functions where the states have traditionally held authority.

They also noted that the decision ran counter to President Ronald Reagan's philosophy.

The administration, which had opposed the broad scope of the decision, has held that the states should be given more authority in various areas in return for having their U.S. funds reduced.

Mr. Reagan's 1986 budget calls for deep cuts in aid to states, cities and other local governments, and the governors said they were now in a position of possibly having to give up both the funds and authority.

The most immediate effect of the decision, according to state and local officials, was that it would cost their governments many millions of dollars in overtime pay for police officers, firefighters, transit workers and others who work split or unusual shifts, and that the paperwork involved would add a burden. Paying the minimum wage as re-

quired under U.S. standards was not considered a factor because all but the very smallest jurisdictions have wage standards that equal or exceed the U.S. minimum, \$3.35 an hour.

Randy Arndt, spokesman for the National League of Cities, said an additional factor was that the governments involved were now in the middle of the fiscal year, with budgets already decided, "and now they are faced with deciding what they are going to do if they don't have enough money to pay policemen and firemen."

But it was unclear what the fiscal effect would be. Congress, in enacting the 1974 legislation bringing state and local employees under U.S. standards, wrote in some provisions for unusual shifts so as to restrain the costs. Much of the cost factor would depend on how the Labor Department decided to enforce the regulations.

The Supreme Court's decision was welcomed by labor unions, workers and others who said the legislation was needed to give public employees the same protections as the private sector, which is covered under the Fair Labor Standards Act, and the federal government.

However, the decision was unusual in that the court, in ruling that public transit workers had to

be brought under U.S. standards, also overruled its own decision of 1976 holding that the constitution did not permit Congress to "directly" replace the states' freedom to structure integral operations in areas of traditional government functions.

Labor Department officials, meanwhile, were somewhat glumly trying to figure out what to do with a decision that gave them more power than they wanted.

By extension, the decision establishes the department's authority to look into the affairs of millions of public employees, including police officers, firefighters and teachers, a power the department did not seek.

"They asked for something less than what they got," said a department official. "At this point, I imagine they are pretty confused."

The effect of the decision is compounded by the absence of Labor Secretary Raymond J. Donovan, who is on leave, preparing his defense on charges of larceny and falsification of records connected with a New York subway project.

The task of carrying out the new mandate apparently falls to the undersecretary, Ford B. Ford, although "no one's quite sure who is calling the shots over there," said Thomas Lamb, staff director for the House subcommittee on labor standards.

Revenue-Sharing to Local Governments Might Remain, Senate Republicans Say

The Associated Press

WASHINGTON — Senate Republican leaders signaled Thursday that the government's revenue-sharing program probably would be kept alive by Congress for at least a year longer than President Ronald Reagan wants, but that federal funds to local governments under the program were likely to be reduced.

The Senate Budget Committee chairman, Pete V. Domenici, Republican of New Mexico, also said that Congress is likely to phase out funds for mass transit and urban revitalization, rather than eliminating them, as the president is seeking in his new budget.

But both Mr. Domenici and the Senate majority leader, Robert J.

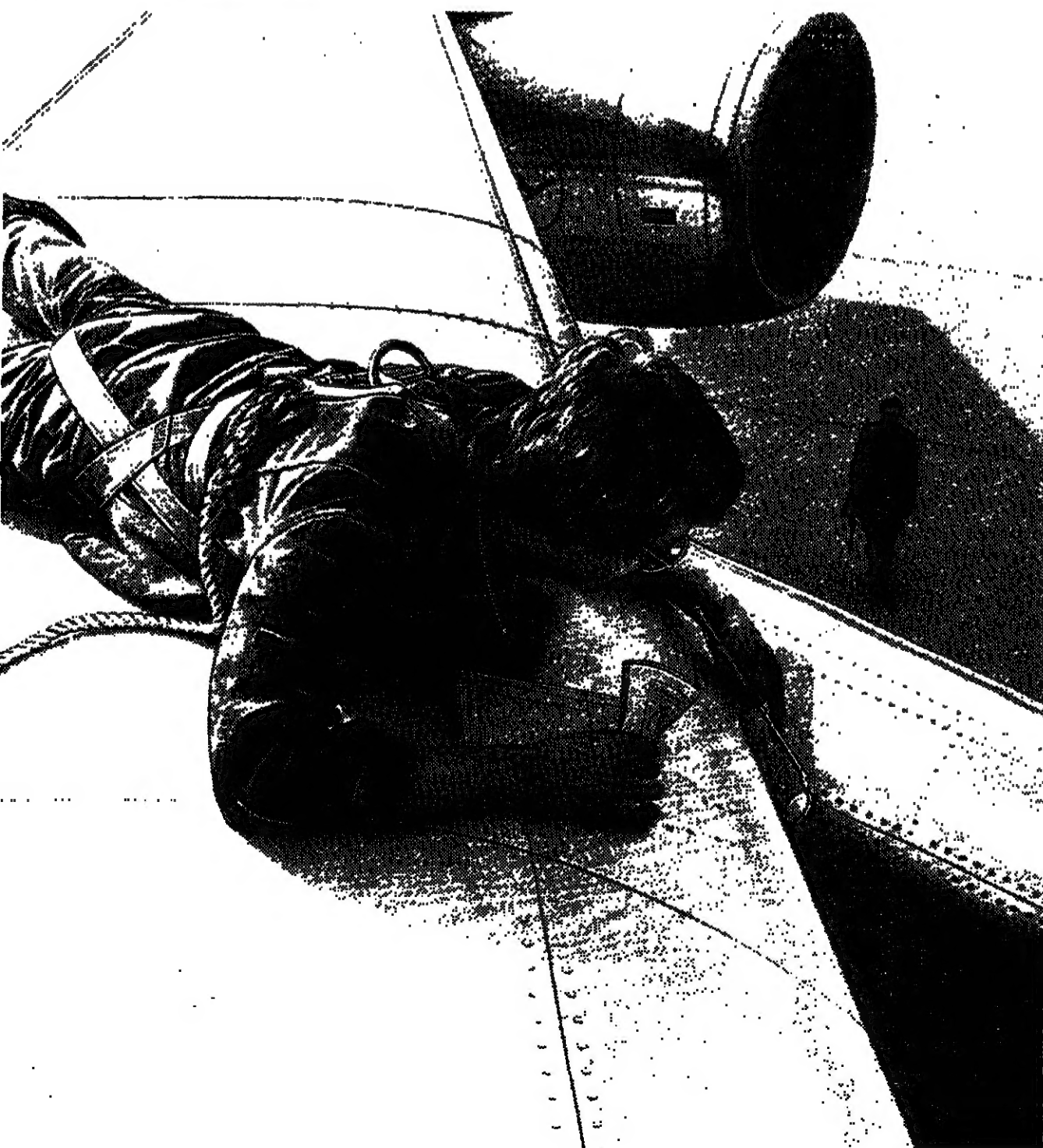
Dole, Republican of Kansas, predicted that Congress would accept most domestic spending cuts recommended by the president and that states might have to take over some federally financed programs.

Mr. Dole indicated that, while Senate Republican leaders intended to honor the president's vow not to consider tax increases as part of a deficit-reduction effort, adjustments were likely.

Meanwhile, Treasury Secretary James A. Baker 3d told the House Budget Committee that the president insists that a tax simplification plan not be a tax increase in disguise. He said such a plan was far from completion and might not take the form of legislation.

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Zaccaro Sentence In Land Fraud Is Community Work

New York Times Service

NEW YORK — John A. Zaccaro, husband of Geraldine A. Ferraro, the Democratic Party's vice-presidential candidate, has been sentenced to perform 150 hours of community service for his admitted involvement in a fraudulent real-estate transaction.

Mr. Zaccaro, 51, a real-estate and insurance broker, told Acting Justice George F. Roberts in state supreme court on Wednesday: "I've learned my lesson, judge, the hard way." Prosecutors said the scheme was aimed at yielding millions of dollars for him and several associates.

The New York secretary of state's office said Wednesday that was preparing a complaint against Mr. Zaccaro and that it would subpoena him to appear at a hearing within several weeks to examine his fitness to hold brokerage licenses. The state could suspend or revoke the license, or levy a fine.

Mr. Zaccaro pleaded guilty in state supreme court on Jan. 7 to an indictment that charged him with submitting a false sales contract, an altered appraisal and a misleading statement of net worth connection with a multimillion-dollar New York real-estate deal in 1983.

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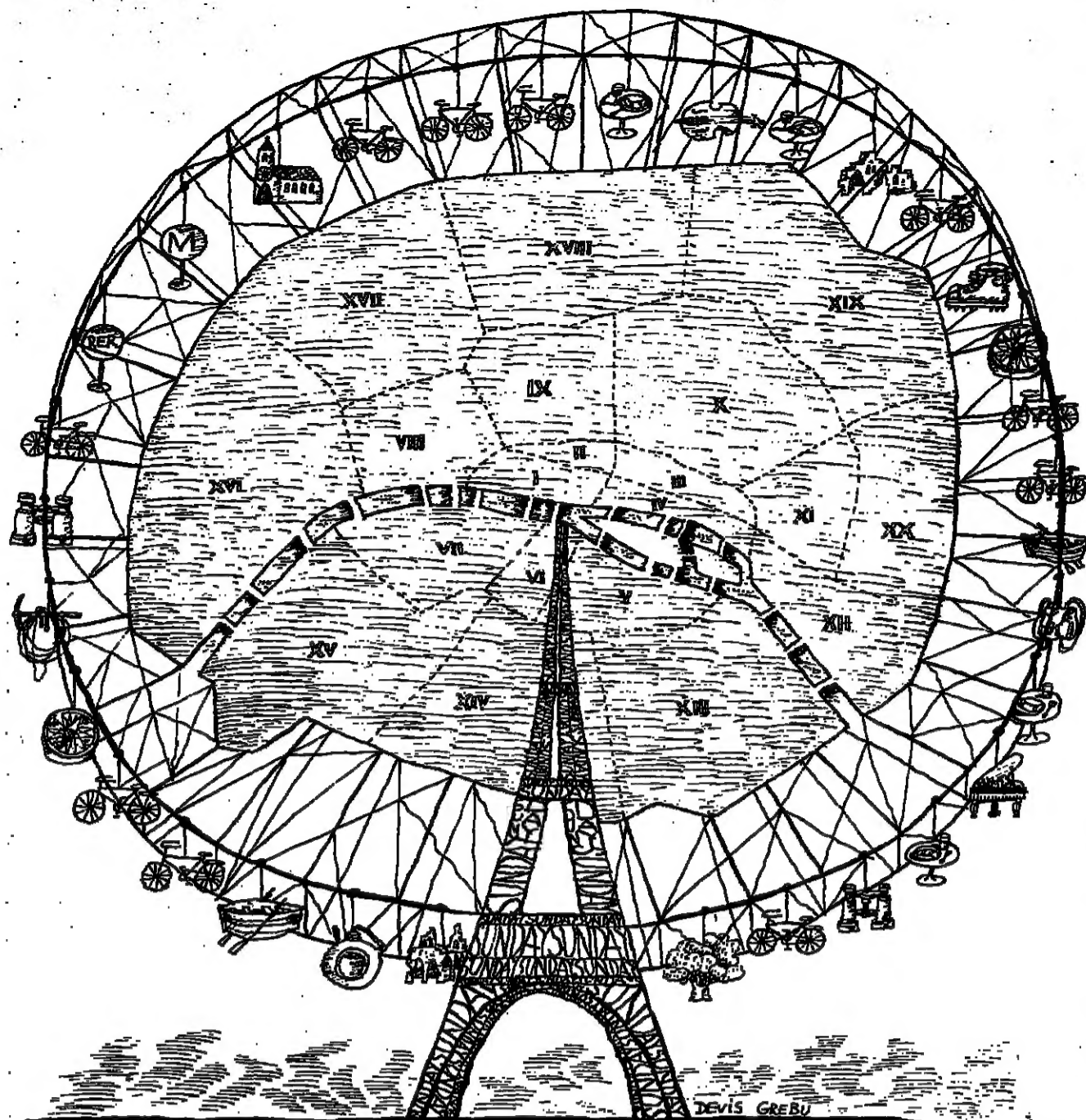
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Paris

Feb. 22, 1985

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Herald Tribune
WEEKEND

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Paris's Active New Sundays

by Axel Krane

PARIS — Sunday mornings in Paris used to revolve almost exclusively around preparing for the family midday meal, often *chez les grands-parents*, to which the children brought flowers and pastry that sometimes wilted and crumbled during long rides on the Métro. In more recent years, a lot of Paris residents have taken up such untraditional activities as le jogging, and now Paris offers dozens of active and mellow ways of spending Sunday mornings.

For example, early on almost any Sunday in many railroad and regional Métro stations, crowds of Parisians, and a trickle of foreign visitors, can be seen at ticket counters, adjusting their knapsacks or bicycles before boarding trains for the outskirts. There at deserted stations, they head into the countryside on bicycle or on foot for a day's outing that includes lunch in a scenic or historical spot, and a return by train in the evening, often by a different route. Many participants, particularly first-timers, get to know each other on the way.

These and other forms of Sunday *randonnées*, or excursions, are regularly organized by national associations and volunteer groups that publish detailed itineraries and meeting points for *randonneurs*.

"What is truly amazing is that these outings provide a handy, casual and rare way of getting to know the French, which as everyone knows, is no easy task," says Larry Joseph, a professor of French literature at Smith College in Northampton, Massachusetts, who regularly joins these groups.

The French national railway (SNCF) has encouraged the trend by offering reduced fares, establishing a bike rental service at 250 stations throughout France, (32 francs a day for a 10-speed bicycle) and transporting bikes free of charge on 2,000 short-haul passenger trains. The railway's only condition is that passengers get their bikes on and off the train themselves.

"It is all part of an effort to improve our general image with regard to the cycling French and foreigners, mainly British and American," said a railway spokesman. "In the '70s, our push focused on the SNCF's renting cars at stations, now it is *le vélo*."

Other Parisians, more interested in music than in exercise, are turning to a growing number of Sunday morning concerts held in several theaters around Paris, generally accompanied by continental breakfasts. The daily *Le Parisien* recently described these as programs of *croissants chauds et musique douce*.

"Similar morning programs have been tried at Wigmore Hall [in London] and in Israel, but we think ours is unique for the quality and attendance," says Jeannine Roze, a music agent who organizes the highly popular Sunday morning concerts at the Théâtre du Rond-Point, now in its 10th season.

This season's program, which started last October and runs into June, often drawing audiences of more than a thousand, includes children (those under 9 admitted free) offering leading soloists and chamber groups.

Continental breakfasts are served in spacious dining area before and after the one-hour concerts, which begin at 11 A.M. Tickets are sold on a first-come, first-served basis an hour earlier.

At the Théâtre La Bruyère, where the resident Ensemble Instrumental La Bruyère often plays on Sundays, most of the several hundred regular concertgoers are drawn from the surrounding neighborhoods. "We may not present world-known artists, but we think we are talented and our average age is 23," said Pierre-François Roussillon, the artistic director and the ensemble's clarinetist.

"We are witnessing something of a revolution in our habits — perhaps because of the fitness craze in France, or simply the desire to break with the traditional French Sunday," says Anne Bouffé, a French housewife and lifelong hiker. She regularly organizes all-day hikes for small groups, following itineraries suggested by the *Randonneurs d'Ile-de-France*, an association that has established, and maintains with red and white markers, about 2,300 kilometers (1,430 miles) of trails in the Paris area.

"We always take the train to our starting points, avoiding traffic, and then with knapsacks on our back — a good friendly group usually — we are off for the day," says Bouffé. Some of her favorite treks are southwest to Port-Royal-des-Champs, site of the ruins of a 13th-century abbey, and northwest to Giverny, where the house and gardens of Monet overlook the Seine.

Both follow scenic routes through farmland and forests and by averaging about three miles an hour (2.5 miles an hour is recommended for "average" walkers), the outings leave plenty of time for a picnic or a

Continued on page 7

Seeing the Invisible

PARIS — The color photograph in the entrance hall shows a strong and radiant face with an alpine flower tucked behind the right ear. The face is tilted upward, as if to catch the sun or find another peak to scale, and it belongs to Charlotte Perriand, 81, the architect and designer who is the subject of the exhibition "Charlotte Perriand, Un Art de Vivre," at the Musée des Arts Décoratifs until April 1.

If few people know her name, everyone is familiar with her work. From the chaise longue she designed in 1928-29 with Le Corbusier and his cousin Pierre Jeanneret, but which is usually attributed to Le Corbusier alone, to the room dividers and sectioned closets with plastic drawers that are part of daily life in 1985.

She stands, vigilant, in the middle of the exhibition, wearing a quilted tan coat and a bright hair ribbon around her top knot and carrying a feather duster.

The museum is a musty old building in the process of redecoration and the Perriand show is in a wing called "the nave," a pompous space weighted with plaster molding.

MARY BLUME

Taking care not to fight the original design, Perriand has filled the space with bright colors and fresh rhythms, adding carefully raked sand to the floor as a reminder that from the beginning — although at the beginning she did not know it — she was influenced by Japan.

A first retrospective at the age of 81 must be daunting. "Daunting, yes, because things have to be where they were. It is a return to the past." The past is not a place where she spends her time. In re-evaluating more than half a century's work, were there discoveries, disappointments, surprises? Were things ever not as she had supposed?

"No," she says. "It was exact." Charlotte Perriand came to Le Corbusier's atelier at 35 Rue de Sèvres at the age of 24 in 1927 and stayed 10 years. The other young designers came to Paris from many countries; Le Corbusier, she says, was their companionable guru. The studio that produced the most revolutionary thinking in design at the time was a dilapidated space. "There is no need for perfect tools in order to create," says a caption next to a picture of the atelier's ancient stove. "To create, one puts oneself in a state of creation, and it works."

She worked on equipment, as Le Corbusier called furniture, and already had a degree from the Union Centrale and a background in Art Deco design. By 1927 she was finding inspiration from automobiles rather than furniture, was wearing a necklace of



Charlotte Perriand.

ball bearings (with a prototype of a 1929 chair from her flat it is the only personal item in the show) and she was fascinated by metal. In the 1927 Salon d'Automne, she won praise for her chromium-plated steel and aluminum bar, "*le bar sous les toits*."

She was launched. Instead, she thought of giving up design for agriculture. "It was a passing idea, either a rejection or a defense against a profession that I knew would be all-consuming." She went to Le Corbusier. It was, she says, a new birth. She acknowledges that Le Corbusier is somewhat out of fashion today, especially in France.

"Post-modernism wants to lay eggs of different colors," she says. She has traveled from Brazil to China and for her such huge projects as Oscar Niemeyer's Brasília and Le Corbusier's Chandigarh in India are the two greatest modern works.

She respects the past but does not believe in living with it. "Each period is modern in its own way. To express our own period is the only way to progress. I believe in progress, but sometimes I don't believe in people." All societies, she adds, have the architecture they deserve.

In February 1984, she received a telegram

from Japan's Ministry of Trade and Industry inviting her to serve as an adviser in the decorative arts. She discussed the offer with the painter Fernand Léger, a close friend, and gladly accepted. "The French are Cartesian, the Japanese intuitive," she says. "I saw the ideas of Le Corbusier expressed on a national scale." The famous chaise longue soon appeared in bamboo. There was also something more: in the show she cites a line from a Japanese master. "We heard what was not said, we saw the invisible."

Since the Vichy government was neutral to Japan in World War II, she was not repatriated but lived under the protection of a Japanese family. In 1943 she went to Indochina, where she married a French naval officer and had a daughter, who is also an architect. "I had a child, an act of creation, this time in flesh."

After the war, she returned to Paris, engaged in mass production of her own designs and continued a speciality she had begun before the war: ski resorts.

PERRIAND does not give the word functionalism the flat meaning associated with Le Corbusier's use of the word. She is glad to design something as basic as a bathroom and associates its function with pleasure. "A bath should be a rinse in clear water, not a scrubbing off."

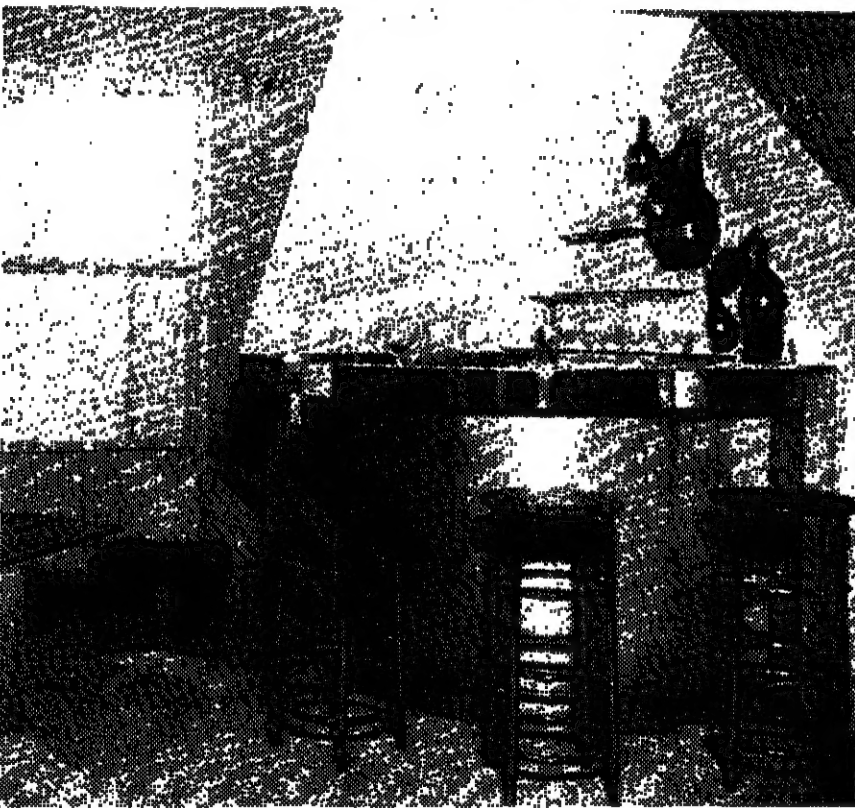
She uses "cell," Le Corbusier's word for a room, but denies that this is hard or inhuman. "I like to look up words in the dictionary and I looked up cell. Our body is a cell, which is not hard but rather nice. It's like 'machine for living' — it is a precise definition, there is nothing cold or mechanical about it."

"I looked up the word 'art' in the dictionary. It means the application of knowledge to an object. That means everything can be art if knowledge is applied. Knowledge is always good, its application often isn't."

Perriand's grandfather was a blacksmith in Savoie and she spent her early childhood on a farm in Burgundy. She has a fresh country air despite nearly a lifetime in Paris. She lives in a tiny flat of only 60 square meters ("I never keep anything") but from her window she says she sees 80,000 square meters of Paris.

Since Charlotte Perriand has always kept her private and public life separate, the Arts Décoratifs show is the closest she is likely to come to an autobiography. "It is an autobiography," she says, "but in space and rhythm."

Ideas continue to flow and the autobiography is far from complete. Probably it never will be. "When I see a nice blank page," she says, "I wish I were twenty again."



Perriand's "*le bar sous les toits*."

Different Visions of India and the Raj

by William Borders

NEW YORK — On the last page of "A Passage to India," the E. M. Forster classic from which David Lean has made an epic film, the Indian protagonist, Dr. Aziz, takes his final leave from Fielding, his visiting English friend, with these furious words:

"India shall be a nation! No foreigners of any sort! Down with the English anyhow. That's certain. Clear out, you fellows, double quick. I say: We may hate one another, but we hate you most. We shall drive every blasted Englishman into the sea, and then — you and I shall be friends."

How vastly — though subtly — different that ending is from the prettified ending of the movie, in which Fielding and Aziz part with a warm, manly handshake, full of mutual respect and affection.

The difference in those two concluding scenes reflects two different visions of India, and of the Raj, the complex love-hate relationship that existed — and still exists — between the English and the Indians. And there are other visions of India around these days, too, arousing strong feelings pro and con. India is much on our minds at the moment, as America experiences what must be the most concentrated cultural infusion of things Indian, at least since the days of Mahatma Gandhi and independence nearly 40 years ago.

Besides "A Passage to India" there is also also "The Jewel in the Crown," Granada TV's epic series, which has been dominating Sunday evenings in many U.S. homes for weeks. Both these views of India follow closely on the 1982 film "Gandhi," which won eight Oscars; "Heat and Dust," the Merchant-Ivory film of 1983, and "Far Pavilions," the unsuccessful but sumptuous Home Box Office series of last year.

Later this year, the feast will become even richer, with the "Festival of India," the largest concentration of Indian art and culture ever assembled in the United States. It will include special exhibitions of painting, sculpture and the performing arts in New York, Washington and 40 other cities.

At the same time, India has been on the front pages, too, first with the appalling news of Indira Gandhi's assassination last October and then, less than five weeks later, with the disaster in Bhopal, in which poisonous gas killed more than 2,000 people.

All of this puts India into the consciousness of a good many Americans who have not paid much attention to the place before. And for those of us who have already known and loved India for years, the phenomenon is gratifying; it is good, though curious, to see stacks of Paul Scott's "Raj Quartet" (from which the television series was drawn) piled up in the bookstores.

But at the same time, all the India adulation is also somehow troubling to the people who are already India addicts. We love India and we are distressed that the image of it that is being projected is so far from complete.

For some, this reaction translates into fury. Salman Rushdie, the great novelist of post-independence India, vehemently protests "the fantasy that the British Empire represented something noble or great about Britain," and complains that the films create the impression "that the end of the Empire was a sort of gentlemen's agreement between old pals at the club, that the British weren't as bad as people make out."

Others are more gentle in their protestations. K. Shankar Bajpai, the Indian ambassador in Washington, referred to the Lean film and the public television series being broadcast on Masterpiece Theater as "this Raj nonsense," and pointed out that both

films are really about the English, with India simply functioning as an exotic backdrop.

In "A Passage to India," Mrs. Moore and her prospective daughter-in-law, the two women whose visit to India provides the title, as well as the central focus of the story, both spend quite a bit of effort searching for what they call "the real India," but what they find, ultimately, is themselves.

The loss of the empire is the central fact of recent British history; it is small wonder that the English care so much about it.

But why the appeal to Americans. One reason, surely, is the dazzling spectacle of an exotic and colorful land, whose pageantry is beautifully depicted in both films.

Another aspect of the appeal to Americans must be that we love all that British-inspired pomp and pageantry. When the stuffy old members of the British club in Forster's Chandrapore leap to their feet for "God Save the King," it has some of the same appeal as the changing of the guard at Buckingham Palace.

Although the Raj is over and most of the British have departed, their spirit remains, not just in cricket and tea cozies, but in a haunting, lingering debate about what it did to and for the Indians. During the three and a half years that I spent in India, one question that dominated many late-night arguments with my Indian and British friends was this: Was the experience of colonization a net gain or a net loss for India?

In "The Jewel in the Crown," the witty and cynical Major Clark answers this way:

"This place is a gold mine, but it's stiff with people dying of hunger in the streets. That's the legacy from all those blue-eyed Bible-thumpers who came out here because they couldn't stand the commercial pace back home."

In "A Passage to India," the self-important city magistrate, Ronny Heaslop, has

quite a different explanation: "We're out here to do justice and keep the peace."

But however the English-Indian relationship is perceived, it is no accident that in both the film and the television series, the central event is the rape of an English woman, symbolizing what Paul Scott describes, on the very first page of his four-novel quartet, as "an imperial embrace of such long standing and subtlety it was no longer possible for them to know whether they hated or loved one another, or what it was that held them together and seemed to have confused the image of their separate destinies."

Many of the British characters — the villainous Menckin in "The Jewel in the Crown," for example, and many of the members of the club in "A Passage to India," display a constant, automatic assumption of Anglo-Saxon superiority.

Near the beginning of "A Passage to India," Dr. Aziz tells Mrs. Moore that he can tell by the kindly, nonpatronizing way she addresses him that she is newly arrived in India; she has not yet learned the rules. Even today in New Delhi, I could show you no end of modern-day English memsahibs who talk to and about Indians with the same contempt to which Dr. Aziz had become accustomed.

Perhaps all this relates to why it is that India addicts are somehow dissatisfied by the current cultural blitz. It is arousing a gratifying interest in India, but it seems a limited, narrow view of a richly complex country, or at least it is far from complete.

The exciting, wonderful thing about India today is the splendid adventure of its democracy, the largest in the world. For me, the most thrilling time there was March 1977, when the nation reared up and voted an end to Prime Minister Gandhi's authoritarian rule. It was thrilling not because I wanted her to lose the election, but because it demonstrated that this wonderful old land really



Alec Guinness in "A Passage to India."

and truly was a democracy. As one Indian villager told me at the time, with proud dignity:

"Just because a man is poor and maybe cannot read does not mean that he cares nothing for his human rights. The Congress

government has tried to shut my mouth and therefore the Congress loses my vote."

There is a much truer, though less slick and accessible, artistic vision of India in "The Home and the World," the latest film

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QATAR

A SPECIAL ECONOMIC REPORT

FRIDAY, FEBRUARY 22, 1985

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Gas Project An Anchor In Shifting Oil Market

DOHA — Qatar is forging ahead with plans to exploit its vast natural gas reserves by embarking on a multibillion-dollar project guaranteeing the country's oil-dependent economy immunity against unfavorable market fluctuations.

Qatar has a two-phase plan to develop the offshore North Sea field situated under Gulf waters to the northeast of the country. Official estimates put the field's reserves at 4.3 trillion cubic meters, while recent seismic surveys indicate that the field's reserves are well above the 5 trillion cubic-meter mark.

Qatar has the largest single natural gas field in the world, and its reserves rank fourth among the world's largest. With the North Sea field development project reaching full production capacity by 1996, it will become one of the world's top 10 producers and exporters of liquefied natural gas.

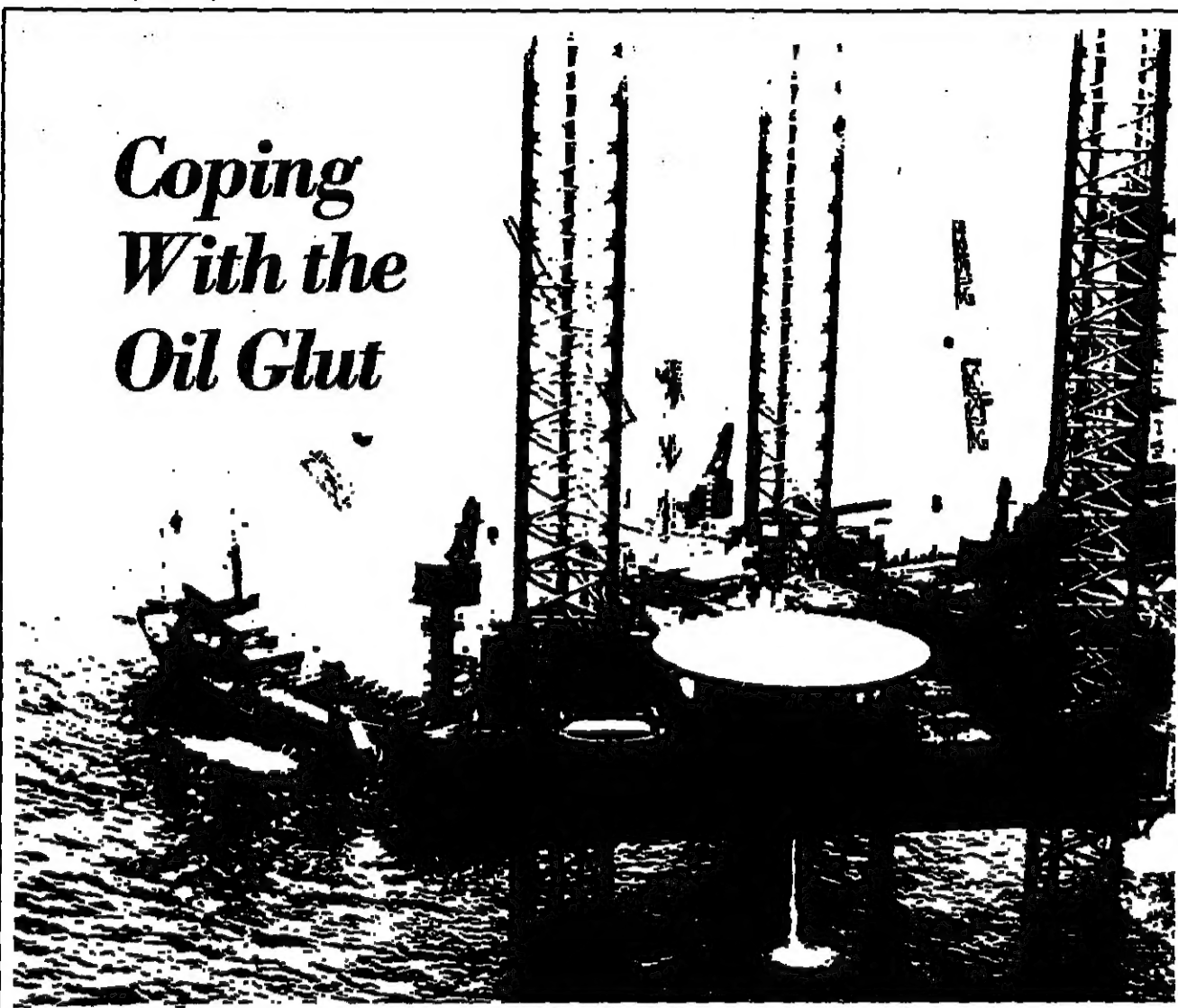
A step has been taken this winter toward developing the field as part of the first phase of the project aimed at satisfying growing local demand. Bids were invited for the supply and installation of a dozen offshore jackets last December. Investments of more than \$1.2 billion will be made to provide natural gas products for local power generation, water desalination and other major industries by 1988.

Reductions in Qatar's oil production quota dictated by the Organization of Petroleum Exporting Countries have entailed a drop in associated gas production, which currently represents a little less than half its capacity. Qatar's surplus of 300,000 barrels per day during the first half of last year has brought relief to the gas-dependent industries and helped the two liquefaction plants at Umm Said achieve record production levels in propane, butane and natural gasoline during that period.

Officials said that they hope surplus production from the first phase of the project would be channeled through a gas grid to other members of the Gulf Cooperation Council, who also have suffered from drops in their associated gas production caused by reductions in their quotas for crude output. Although a study has been put together on the GCC's part of the project, the subject seems not to have been

(Continued on Next Page)

Coping With the Oil Glut



Industries Face Competition and Obsolescence

By Sarah Seagriff

DOHA — Qatar's recoverable oil reserves have never been given as long a life — around 40 years at present production rates — as some current producers. Hence, the emirate, which began producing oil in 1949, was one of the first Gulf states to concentrate on diversifying its economy away from wholesale dependence on petroleum.

As other Gulf oil producers have diversified too, Qatar has had to face increased competition at a time when several of its industrial plants are becoming obsolete.

Most of the country's heavy industry is located about 30 kilometers (18.6 miles) south of the capital of Doha, at Umm Said, where the port facilities are deep enough to accommodate large vessels. The Industrial Development Technical Center was set up in 1973 to develop

the heavy-industry area, which includes steel, fertilizer, natural gas liquid (NGL) and petrochemicals plants. There is also a cement plant on the other side of the peninsula, near the Dukhan oilfield from which it draws its feedstock. All these industries are fueled by gas, and the Qataris used to boast that 95 percent of their gas was put to use when most Gulf gas still was being flared.

Feedstock, however, has become a problem for Qatar's industry. Both onshore and offshore fields produce associated gas that is piped to Umm Said and fractionated at its NGL plant. But quantities are affected by production levels. In 1983 there were well below the demand for gas. Last year oil production picked up considerably, and this year it is reaching the OPEC ceiling of 500,000 barrels a day. By 1986, however, Qatar will need to produce 400,000 barrels a

day if industry's demands are to be met. Hence, the need to press on with the development of North Field gas. At the moment, some nonassociated gas is being produced from a small onshore Khuff reservoir, but this may run out by 1988 unless offshore gas is reinjected to maintain pressure.

The cement industry in Qatar is everywhere else, is suffering from the current glut. Qatar's cement plant (43 percent government-owned, the rest by private local investors) began producing in 1965 at a rate of 330,000 metric tons a year, purely for the domestic market. A new plant would need to produce double that quantity to be competitive.

Meanwhile, other Gulf states, notably the United Arab Emirates, which has a cement surplus of six million tons a year, are taking advantage of the Gulf Cooperation Council's reduction of tariffs between members to dump products in Qatar. The company has cut its prices by up to 30 percent, and is looking to a revival of the local economy to improve demand for cement.

Qatar Steel Co. also has been affected by dumping. Qatar's was the first steel plant in the Gulf and has been producing steel bars for construction since 1978. It is a joint venture of the government (which owns 70 percent), Kobe Steel of Japan (with 20 percent and the management contract) and Tokyo Steel (with 10 percent and responsibility for marketing). At the moment it is fueled by Khuff gas. Qatar Steel's plant was designed for export and has relied on the Saudi and Kuwaiti markets. The construction industry in the Gulf states has been hit by the recession caused by the oil glut, and Saudi Arabia now has its own iron and steel plant, twice the size of Qatar Steel's 450,000-ton design capacity.

Despite price cuts by Qatar Steel and a 20-percent import duty on non-GCC steel, dumping from outside the Gulf also has been a problem; the main offenders are the East European producers. Qatar Steel hopes to counter this by persuading the ore producers (Brazil and Sweden) to cut their prices. Any expansion of production to cut costs would depend on the availability of North Field gas.

Economy Is Moving Slowly Out of the Gulf Recession

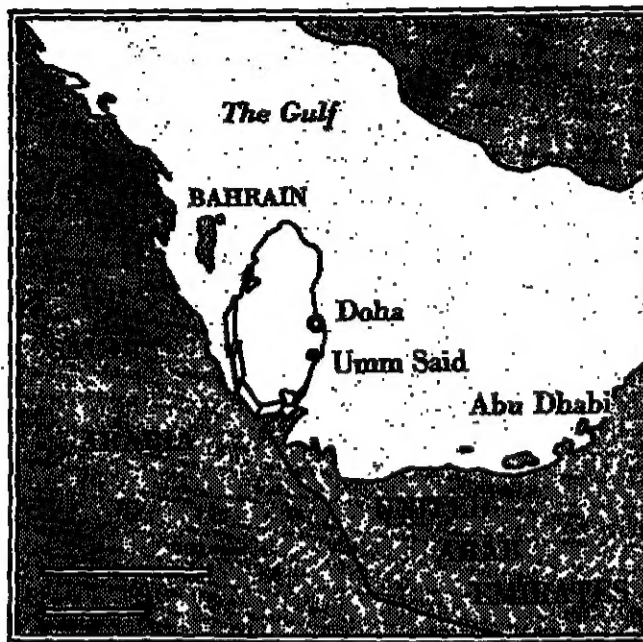
By Olfar Tohamy

DOHA — Qatar is moving slowly out of a recession that has plagued the Gulf since 1980, and is gearing its economy to absorb the benefits of the current upturn.

However, the emirate continues to cope with the combined effects of the Iran-Iraq war and the world oil glut. For the first time, it has made allocations this year for defense spending with the aim of building an air base near the capital of Doha to house 14 Mirage jet fighters imported from France. It also is participating in OPEC belt-tightening measures to save oil prices from another collapse.

Qatar depends on oil exports for 90 percent of its revenues. But there are signs that these revenues, slashed by 40 percent in 1983 following a \$5 cut per barrel of oil, recovered significantly last year. After having been one of the countries most severely hit by the unexpected price decline, Qatar had the highest percentage increase of crude output last year. Its previous defiant attitude toward OPEC regulations and its insistence on breaking the production quota of 300,000 barrels a day through the first three quarters of last year, caused Qatar rebukes and another slash in its quota. Its present output appears to be in line with the new quota of 280,000 barrels a day. And the narrowing of the pricing gap between heavy and light crudes should enable Qatar to get over marketing problems that it has had without resorting to spot sales or barrier agreements.

Qatar has a small economy with a narrow base, which explains its vulnerability to fluctuations in the oil market. Although the rest of the state's revenues is provided mainly by industrial exports, the local industries also are reliant on the country's oil and natural gas output. With the exception of cement and steel, which continued to face tough competition through last



Isabel Clark Montal/WPI

year, the country's output and exports of petrochemicals and fertilizers have increased, and have made up for the most part for the previous year's disappointing results.

The consensus among officials, led by the minister of finance and petroleum, Sheikh Abdel Aziz Khalifa al-Thani, and specialists in the economy and related financial fields is that the pace of economic growth is proportionate to that of government or public spending. This is due, they say, to the small size of the local private sector to diversify its activities.

The statistics showing demand on private-sector credit reflect the extent to which government expenditure spurs the economy.

Caution has been a hallmark of the Qatari government's management of the country's economy, often resulting in underspending. The

stringent 1983-84 budget was underspent, and the country's economy emerged from its worst year with an almost total freeze on major projects and a smaller deficit than originally projected.

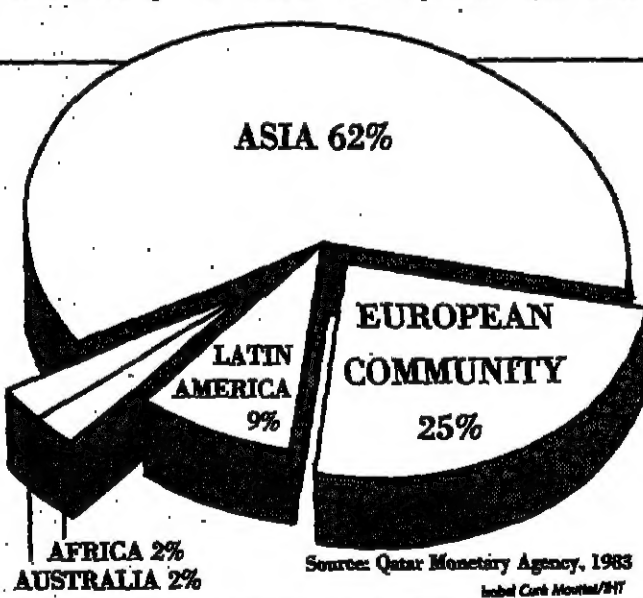
The trend seems to be continuing for the current year, with the sharp rise in the state's revenues from oil exports not trickling down to the private sector in the same proportion. With a slight increase in capital spending planned for the current year, and modest estimates of revenue increases, the overall budget deficit for this year amounts to 3,682 billion riyals (about \$1.011 billion). But economic performance indicates that the gap between revenues and expenditures could be much smaller, contrasting with the previous year's large deficit.

"I think we are close to the end of this cycle," said Qatar National

(Continued on Next Page)

Where the Oil Goes

Petroleum exports provide up to 90 percent of Qatar's revenues.



As Demand Softens, Banks Compete for Deposits

DOHA — Qatar's banks have emerged from another difficult year with the urge to compete more fiercely for elusive deposits and shrinking business.

Two new banks, Qatar Islamic Bank and Qatar al-Ahli Bank, have brought to five the number of local banks, in addition to 10 branches of foreign banks operating in the country. With the possible exception of Qatar Islamic Bank, all of these banks are commercial banks serving the needs of the private sector, which continues to endure the recession for the third year. The reduced demand on imports, dropping by 25 percent in 1984, and the fall in construction activity have contributed to the sluggish demand for commercial banking services.

At the end of 1984, the banking sector's assets, amounting to 13,323 billion riyals (about \$3.66 billion), according to the Qatar Monetary Agency, had grown hardly at all from the preceding year. The banks' deposits base remained almost stagnant, at 9,585 billion riyals, divided about equally between local and foreign deposits. Throughout 1984, liquidity squeezes and money-supply fluctuations were among the major difficulties banks had to cope with through increasing local and foreign interbank operations. Their loans and advances to the government and state agencies remained frozen below their 1981 level. Facilities extended for financing private-sector trade, making up about half the credit provided by banks last year, also leveled off in 1984. With construction activity slowing down and investment in real estate slashed to one-third of its level before the recession, the second-largest private sources of demand for credit shrank substantially. The private sector's problems resulted partly from delays in payment by government agencies, particularly in the case of construction firms, but were largely the outcome of liquidity squeezes. This has been reflected on the aggregate balance sheet of all banks operating in the country — put together by the monetary agency at the end of last year — in the form of unusually high provisions for doubtful or bad debts, amounting to 14 percent of their liabilities.

Moreover, the banks had to adapt to restraints on the volume of their activities produced by a sharp fall in capital transfers over the last two years — a phenomenon that is linked to the relative improvement of interest rates on rial deposits over gradually falling interest rates on dollar-denominated deposits. This has led the monetary agency, which had prepared studies recommending raising interest rates on local currency deposits to halt a continuous shift to dollar deposits, to opt for maintaining the present rates, said the agency's chairman,

Majid al-Majid. The rates, which have been fixed over the last four years, are 4.5 to 5 percent on savings accounts, 5 to 7 percent on notice and time deposits and 7 to 9.5 percent on borrowing.

The swing back to rial deposits has helped strengthen the local currency, and to a certain extent eased recurrent liquidity problems, most bankers say. With the rial maintaining its exchange rate against the surging dollar at 3.64, it has gained in strength against all other major currencies, including the Deutsche mark, the British pound, the French franc and the yen.

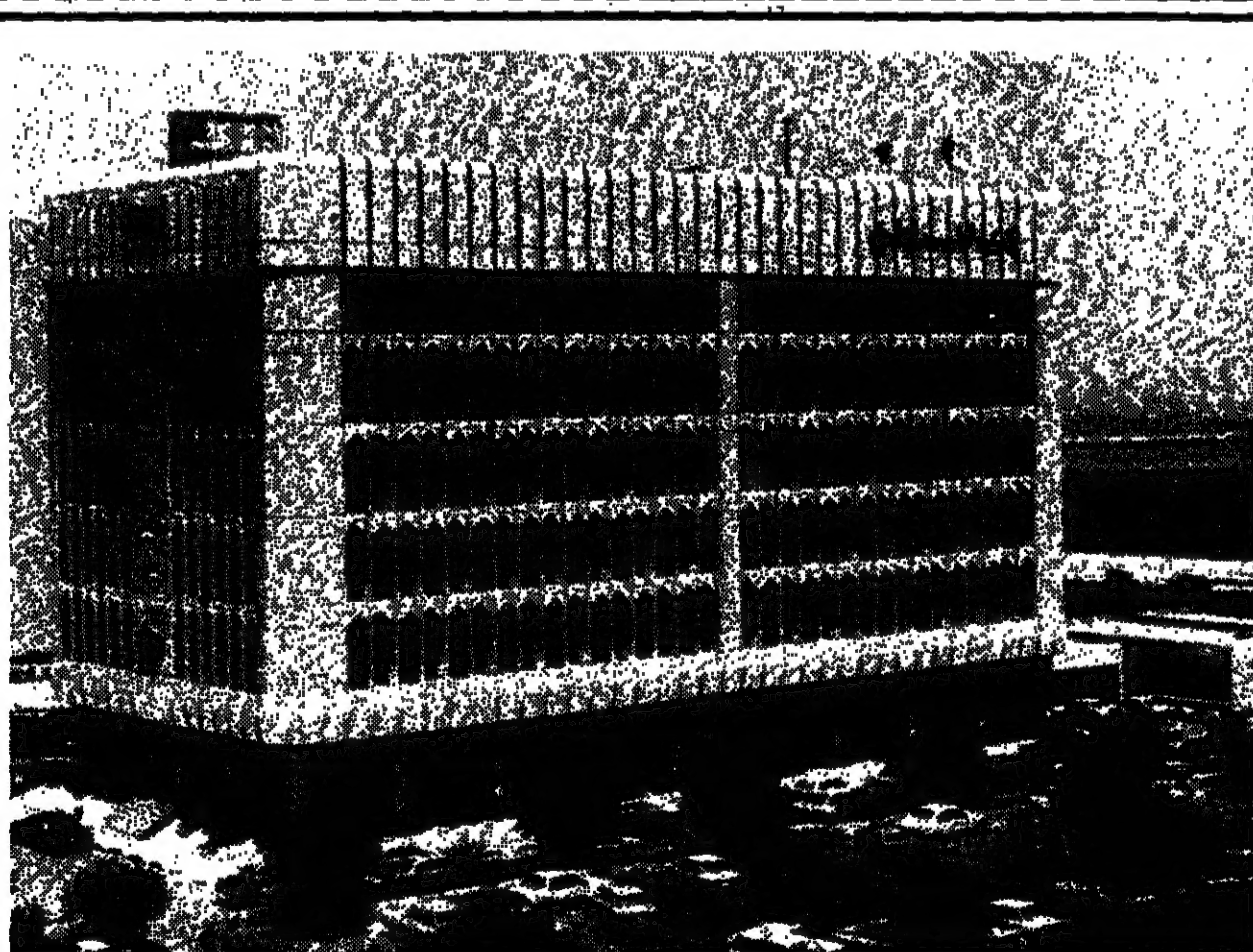
Most of Qatar's top bankers agree with Citibank's resident vice president, Matloob Khan, that "all of us have made less profits than last year." None of the bank's year-end reports have been issued yet, but Qatar Islamic Bank could be the only exception. Its report at the end of the last Muslim calendar year showed an outstanding performance for a bank that operated during its first six months, starting in mid-1983, with vacant top management positions. The general manager of Qatar Islamic, Qasim M. Qasim, who was appointed in January of last year, put the bank's assets at the beginning of this year at 462 million riyals. "We're growing at a rapid pace, and I am confident that by this year's end we should become at least No. 3 in terms of assets and profitability,"

he said. Although other banks feel that Qatar Islamic stepped in and took over a large share in an already crowded and shrinking market, Mr. Qasim stressed that "this is not a traditional bank that came to compete with the existing ones; we came to complement them and satisfy a need for Islamic banking."

Mr. Qasim said, however, that the interest-free bank has attracted from other banks puritan Muslim clients who refused to be paid fixed interest rates on their accounts. He also explained that there is pressure on Qatar Islamic, which is supposed to operate as an investment or merchant bank. The bank is in a dilemma, he said, because of the limited opportunities for investment in Qatar or the Islamic world. In addition, "my resources are short-term, so I cannot go for long-term opportunities," he said.

Qatar National Bank, the first bank to be established in the country, seemed certain to maintain the lead. Jawad Azzeq, the bank's adviser, said there are indicators that 1984 will be a better year for us. "I think there will be an increase in assets and profits." He said that part of the reason for QNB's strength is that "we get plenty of government business, and we have the support of the government," which owns half of the bank's shares.

—OLFA TOHAMY



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A SPECIAL REPORT ON QATAR

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Tel: 417800 (8 lines) Telex 4742 GENINSJasra Branch
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Telex: 4877 GENINS DHDubai Branch
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Tel: 212508
-212500-
P.O. Box 8080
Telex: 48876 GINCO EMMusharrah Branch
(Sofitel Hotel)
Tel: 436620Al Khor Branch
Tel: 720974Industrial Branch
Tel: 882077Oil Sector Adheres to Quotas,
Improves Marketing Strategy

DOHA — Qatar, a supporter of OPEC's attempts to restore order to the world's oil market, has curbed its tendency to produce above its assigned quota and has concentrated on improving its marketing.

Affirming his faith in the cartel's ability to survive and maintain a role in regulating the world market, Qatar's minister of finance and petroleum, Sheikh Abdul Aziz Khalifa al-Thani, said recently that "OPEC is strong although it is

Abdel Aziz emphasized that the country would respect the limits imposed by OPEC. "Qatar is producing the amount set at OPEC's last conference, and it is totally committed to its quota, although its maximum [production] capacity exceeds double that amount," he said.

Independent sources have confirmed that Qatar's production finally came into line with its quota during the last two months of 1984. Official figures for average month-

eries. Qatar's proven reserves would enable it to continue producing oil at the present rate for about 40 years.

Qatar General has had difficulties in coping with the glutted world market. This has resulted in barter agreements, as well as spot sales, which company officials reluctantly confirm. "There were barter deals made during 1983 and early last year, but now we're selling through contracts," said the deputy managing director, Sheikh Rashid Owaidah al-Thani.

The reduction of oil output, the new system of price differentials approved by OPEC and signs of a firming oil market could ease Qatar's marketing problems. And Qatar General will have to concern itself with marketing products, a new area it has entered recently. After the start of production at the new Umm Said refinery last September, Qatar put an end to product imports and added to its local needs a surplus production, which it has to export. The new refinery, with a capacity of 50,000 barrels a day, is expected to satisfy local demand for butane, premium and super gasoline, jet fuel, kerosene and diesel.

—OLFAT TOHAMY

Qatar's production has finally come
into line with its quota...

passing through a difficult phase." He is a member of the committee formed to monitor production levels' consistency with quotas agreed on at the Organization of Petroleum Exporting Countries plenary sessions. The minister, who recently has joined the group of staunch OPEC advocates including Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, and his Kuwaiti counterpart, Sheikh Ali al-Khalifa al-Sabah, believes that the cartel's crisis would be over sooner than Western observers expect if OPEC members closed ranks and respected the overall production ceiling aimed at balancing supply and demand in the market to prevent oil prices from sliding.

Qatar is the third-smallest OPEC producer, with a production quota reduced last October to 280,000 barrels a day as part of an overall lowering of the organization's production ceiling. Although this sharp cut would seriously affect Qatar's economy, which depends on oil exports for more than 90 percent of its revenues, Sheikh

ly crude output show that while its earlier quota was 300,000 barrels a day, Qatar was producing a little more than 300,000 barrels a day in June, and that the lowest monthly average was 390,000 barrels a day during March and April of last year.

Two-thirds of Qatar's present production comes from its onshore Dukhan field on the country's western coast facing the Arabian peninsula. The rest is produced by offshore fields in the Gulf to the east of the country. These are Idd al-Shaqi, Maydan Mahzam and Bul Hanime, in addition to the Bunduq field located in the territorial waters of Qatar and the neighboring United Arab Emirates. Both countries share equally in the production revenues from the Bunduq field.

All exploration, production, marketing and distribution of Qatar's oil and gas output are carried out by Qatar General Petroleum Corp., which has been concentrating on improving the state of its old fields in the absence of new discov-

spending, the local private sector and the banks have begun to sense the end of the slowdown, which was marked by big cuts in imports, and a lull in construction activity. Trade and construction account for two-thirds of local businessmen's interests and banks' domestic financing.

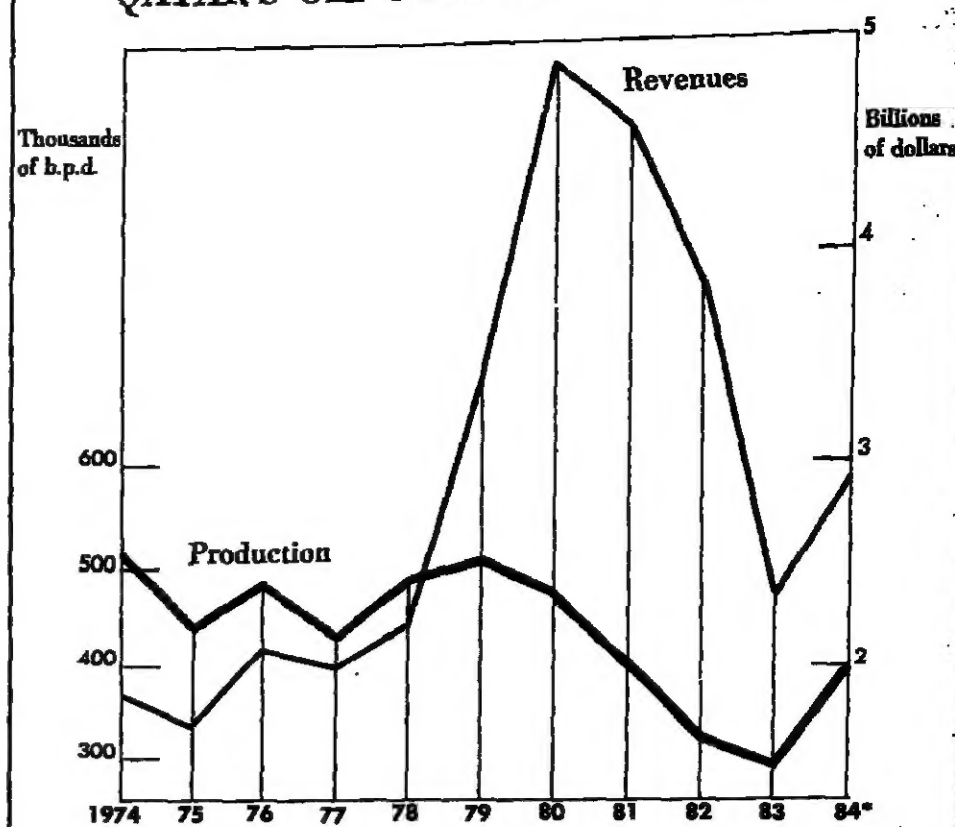
Unlike other Gulf states that seized the opportunity of the oil boom to invest in infrastructure projects, Qatar's power generation, desalination and telecommunications services are lagging behind development needs. The Al Wusail 1,500-megawatt power and desalination plant, for which bidding and rebidding took place last year, finally is taking off. Smaller construction projects, some of which have been rebid to cut the cost, have improved the morale of contractors. Moreover, a long-awaited classification of the country's more than 400 contractors is expected to improve the local firms' chances of involvement in different projects.

The most promising project offering relief from dependence on oil exports is the development of the huge natural gas reserves of the offshore North Field. With projects like the second phase of the univer-

sity and the expansion of the airport shelved, this project, with an estimated cost of more than \$6 billion spread over the next seven years, is likely to provide plenty of opportunities for local bankers and contractors. Although it remains unclear how the project will be financed, "the state could borrow from the local market," Mr. Azzeh said. The private sector is

looking for equipment-supplying contracts and construction work in the project involving the building of a liquefied natural gas plant. There are several signs that the development of the field is taking place on schedule and that contracts for the first phase of the project will be awarded soon. However, some hurdles will have to be overcome in the course of ongoing talks on the LNG plant.

QATAR'S OIL OUTPUT AND REVENUES



* Estimates

Source: Cambridge Energy Associates, Cambridge, Massachusetts and Paris

Incl. Crude Movement

Gas Project an Anchor in Fluctuating Oil Market

(Continued From Previous Page)

brought up at decision-making levels. Recent reports also suggest that the two prospective Gulf importers of North Field gas have begun finding ways of improving exploitation of their own resources.

Both Saudi Arabia and Kuwait have reduced flaring of associated gas substantially, and Kuwait's natural gas production increased a lot last year. Saudi Arabia is investing in a rapid development of non-

associated gas reserves. All natural gas exploration, production and marketing operations are carried out by Qatar General Petroleum Corp., but a new joint-venture subsidiary was formed last summer to carry out the second phase of the project. The subsidiary, Qatar Liquefied Natural Gas Co., known as Qaligas, groups British Petroleum and Compagnie Française des Pétroles (CFP-Tot), with 75 percent of the company's shares each.

Qatar General has offered 15 percent of its share to another partner in return for a commitment to import half the LNG plant's planned output of six million metric tons. Preparations for this phase of the project began last spring during a visit by the ruler of Qatar, Sheikh Khalifa bin Hamad al-Thani, to the Far East, and two major Japanese trading firms have responded favorably to the offer. Japan is the world's largest — and also fastest growing — LNG consumer.

Marubeni Corp. and Mitsubishi Corp., heading a consortium grouping C. Itoh and Mitsui & Co. are negotiating with Qatar General on behalf of end-users in Japan. There are a few signs that Marubeni stands a better chance of reaching a deal with Qatar General, although the proposal it has made was for a 7.5-percent participation in the company, while its competitors insist on 15 percent of Qaligas. Marubeni has proposed to arrange for importing two million

tons of LNG every two years starting from 1992, said Sheikh Rashid Owaidah al-Thani, deputy managing director of Qatar General and a member of the Qaligas board. Marubeni exchanged letters of intent with Qatar General last winter. "We would like to know more in detail about their marketing arrangements, the timing and the quantity," Sheikh Rashid said, adding that there will be follow-up discussions with Marubeni.

He indicated Qatar General's insistence on a marketing commitment, saying "we need a commitment... A commitment is what we're missing." Mitsubishi is reluctant to make a commitment, as its representative at the talks, Shigru Matsuzawa, pointed out. "It is difficult for us to make such a commitment now because of the length of the commitment and the market conditions," he said. Mr. Matsuzawa also said that the corporation has suggested joining Qaligas first, then participating in arranging financing and marketing for the project.

—OLFAT TOHAMY

Economy Is Moving Slowly Out of Recession

(Continued From Previous Page)

Bank's financial adviser, Jawad Azzeh. Pointing out the serious problem of liquidity shortages, he said: "You cannot exclude the possibility that at certain times of the year, when there are liquidity shortages, the state overdraws its accounts with the banks." He stressed, however, that this did not mean that the government has resorted to borrowing from the banking system inside or outside Qatar to finance the deficit.

It seems that apart from temporary overdraw of government accounts with the banks, the government has resorted to drawing on its reserves to cover the deficit. Qatar Monetary Agency reports show that government assets and reserves have remained stable over the last five years despite the ups and downs. But the agency's chairman, Majid al-Majid, said, "our statistics indicate that government reserves were used to make up for the drop in oil revenues, and it is possible that part of the government's reserves were withdrawn in 1984 to cover the deficit, as this is the only source of deficit-financing" used by the government.

In spite of the continuing under-

spending, the local private sector and the banks have begun to sense the end of the slowdown, which was marked by big cuts in imports, and a lull in construction activity. Trade and construction account for two-thirds of local businessmen's interests and banks' domestic financing.

Unlike other Gulf states that seized the opportunity of the oil boom to invest in infrastructure projects, Qatar's power generation, desalination and telecommunications services are lagging behind development needs. The Al Wusail 1,500-megawatt power and desalination plant, for which bidding and rebidding took place last year, finally is taking off. Smaller construction projects, some of which have been rebid to cut the cost, have improved the morale of contractors. Moreover, a long-awaited classification of the country's more than 400 contractors is expected to improve the local firms' chances of involvement in different projects.

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Build
More

By Toby O

LONDON — Since the 1970s Qatar has almost been recognized as a fishing village once a modern capital and percent of Qatar's population.

Like other oil producers, Qatar has felt the pinch as its oil income has weakened over the last three years. The construction boom has not escaped its fate. But after 12 months of production in the oil state's coffers are full, there is a new feeling of optimism. It is now expected to be as good as after the slump in spending. But it will not be the same scale as the post-oil boom.

Some of the projects delayed as far back as 1974 are being bid for and construction is reasonably optimistic that they will go ahead. The power and desalination plants, 124 miles from Doha, were first bid in 1974, then a private project to provide enough water to support the expected growth up to 1986. The first Education Ministry's Bay headquarters was the end of 1982 and midway through the year. The project was the only one positioned.

Contractors were mulling when the 1984-85 budget was announced in April 1985.

The W

LONDON — Posted in the Doha office of William H. Hare & Co., a U.S. architectural firm, is a vision of Doha. The architect's plan shows a work of villas and plazas, walkways to a new area of the city — accommodation for about one-fifth of the 200,000 people.

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BUSINESS ROUNDUP

Plessey Says Its Net Fell 20% During 3d Quarter

By Bob Hagerty
International Herald Tribune

LONDON — Plessey Co. reported Thursday its second consecutive decline in quarterly profit and again blamed heavy spending on research and development.

The electronics company said pretax profit in the third quarter ended Dec. 28 slipped 7 percent from a year earlier to £40.6 million (\$44 million). Sales grew 16 percent to £352.2 million. Net slumped 20 percent to £21.7 million, or 2.95 pence a share.

For the nine months ended Dec. 28, the company reported pretax profit of £121.2 million, down 2.7 percent, on sales of £971.4 million, an increase of 9 percent. Net declined 9.6 percent to £70.6 million, or 9.58 pence a share.

Plessey shares jumped 16 pence to close at 192 pence on the London Stock Exchange. "It's not as bad as it appeared," said John Tyde, an analyst at Greaveson, Grant & Co., who predicted full-year pretax profit about equal to last year's £176.1 million and a rise of nearly 15 percent next year.

Peter Marshall, finance director, emphasized that the company is in

an "investment mode," largely aimed at increasing long-term prospects for overseas sales of digital telephone equipment and customized microchips.

Mr. Marshall said Plessey had a loss of about £4.3 million in the latest nine months on its production of System X, the digital telephone exchange being sold to British Telecommunications PLC. He called the deficit "perfectly normal" at this stage of the long-term supply program.

Plessey's U.S.-based Stromberg-Carlson unit, acquired in 1982, also remains in the red and is not expected to show a profit next year. Plessey is adapting Stromberg's exchange equipment in an attempt to win orders from the regional U.S. phone companies and adding products to the U.S. unit's range.

The company also continues to suffer from lower profit from exports of tactical radio equipment, but radar sales recovered strongly in the latest quarter.

Plessey reported sharply higher profit from its microelectronics business, whose exports to the United States were helped by the pound's weakness.

Pilots Propose Employees Buy Ailing Pan Am

The Associated Press

MIAMI — Pan American World Airways pilots have announced a proposal to buy the financially troubled carrier after labor negotiations between the company and their union broke down.

The pilots' union said Wednesday that it would present a proposal for a leveraged employee buyout to the Pan Am Joint Labor Council, which includes representatives from all the carrier's unions.

Under the proposal, the airline's 26,000 employees would pay \$300 million for 51 percent of Pan Am's stock. The plan would be financed by payroll deductions of 10 percent to 13 percent over the next five years.

The airline's parent company, Pan Am Corp., has not made a profit since 1982, and lost \$206.8 million last year. In New York, a Pan Am spokesman, Jeffrey Kriender, said he had not heard of the buyout plan and could not comment on it.

Phillips Holders Face Choice

The Associated Press

BARTLESVILLE, Oklahoma — Shareholders of Phillips Petroleum Co. meet Friday to decide whether to approve a company-backed recapitalization plan or side with Carl C. Icahn, a New York investor who wants the plan defeated so he can proceed with his \$8.06 billion bid to acquire the company.

The meeting at the oil company's headquarters here could last from several minutes to several hours, Phillips officials said Thursday. "We've never been through one like this before," said a company spokesman.

Phillips has 154.6 million shares of common stock outstanding; passage of the plan requires the support of more than 50 percent of the stock, or 78.3 million shares.

Among other things, the plan would restructure the amount of stock and debt on Phillips's balance sheet and significantly raise the number of Phillips shares owned by its employees.

For that reason, the plan would severely hamper an unwelcome takeover offer because the employees could use their stake to oppose such a bid.

The recapitalization plan is part of Phillips's agreement with an investor group led by T. Boone Pickens Jr., chairman of Mesa Petro-

leum Co., to end the group's takeover bid for Phillips launched in early December.

The Mesa group is obligated by the agreement to vote its block of 8.9 million Phillips shares in support of the Phillips recapitalization plan.

PBS Plans to Air Financial Services

The Associated Press

WASHINGTON — The Public Broadcasting Service, battling severe cuts in federal aid, has said that it plans to broadcast stock quotations and financial news to subscribers with personal computers in hopes of generating millions of dollars in new annual revenues.

A joint venture of International Business Machines Corp. and Merrill Lynch & Co. have signed on as a major customer of the new subsidiary, PBS Enterprises. PBS officials said Wednesday.

The IBM-Merrill Lynch joint venture, known as International MarketNet, plans to deliver stock market and business news over a portion of the PBS video signal that cannot be seen without a special decoder.

Kukje Is to Be Restructured, Says Leading Korean Lender

Reuters

SEOUL — Kukje of South Korea and its 20 subsidiaries will be restructured due to the group's financial difficulties, Kukje's leading creditor, First Bank of Korea, said Thursday.

A bank spokesman said creditors have decided to sell three major subsidiaries to other companies and appoint their own managers to the remaining units. Terms have not yet been settled.

Kukje-ICC Corp. will be divided into construction, footwear and trading sectors. Kuk Dong Construction Co. will take over the construction sector. Hanil Synthetic Fiber Industrial Co. will take charge of most of the remaining sectors.

Union Steel Manufacturing Co. and Kukje Machinery Co., two other leading subsidiaries of the group, will be absorbed by Dongkuk Steel Mill Co.

Kukje Group sales totaled 1.791 trillion won (\$208.44 billion) in 1984, the spokesman said. He gave no figures for 1985.

Kukje-ICC Corp. has \$470 million worth of overseas construction contracts to be completed.

The Korea Stock Exchange said it has suspended trading in three listed group companies — Kukje-ICC Corp., Union Steel Manufacturing Co. and Woonpoong Industrial Co.

Stock market prices closed generally lower after the restructuring plans for Kukje were disclosed. The composite index lost 1.22 points from Tuesday to close at 133.65 Thursday. The market was closed Wednesday for a public holiday.

Brokers said the market was overshadowed by fears that similar measures might be taken against other financially troubled companies.

COMPANY NOTES

AEG-Telefunken AG and MDS Mannesmann Demag Sack GmbH have won an order worth 45 million Deutsche marks (\$13.55 million) from the China National Technical Import Corp. in Beijing for the modernization of a hot strip mill at a Chinese steel plant, AEG said.

Canadian Marconi Co., which is controlled by General Electric Co. of Britain, said it reached an agreement in principle to buy the telecommunications division of Philips Electronics Ltd. of Scarborough, Ontario.

Centex Corp. said it had acquired the privately held Allied American Gypsum Co. of Albuquerque, New Mexico, for undisclosed terms. The company will be renamed Centex American Gypsum Co.

20th-Century Fox Film Corp. has launched a review of its film unit's

accounting of theatrical revenues under the studio's previous management. Barry Diller, Fox's chairman, said that during an internal audit revenues from a hit 1982 movie, "The Verdict," were credited to the film "Mossgreen."

Carboval, the Colombian state coal firm, said it has sent the first 35,000-ton shipment of coal from its El Cerrejon mine to Denmark. Carboval is aiming for an output of three million tons this year.

Goodman Group Ltd. said it will continue buying shares in Australia's Allied Mills Ltd. up to the Australian takeover code's 14.9 percent limit for foreign companies. The company said Goodman had acquired 11.05 percent of Allied's issued capital of 104 million shares.

Greyhound Corp. of Phoenix said that it has agreed to buy the con-

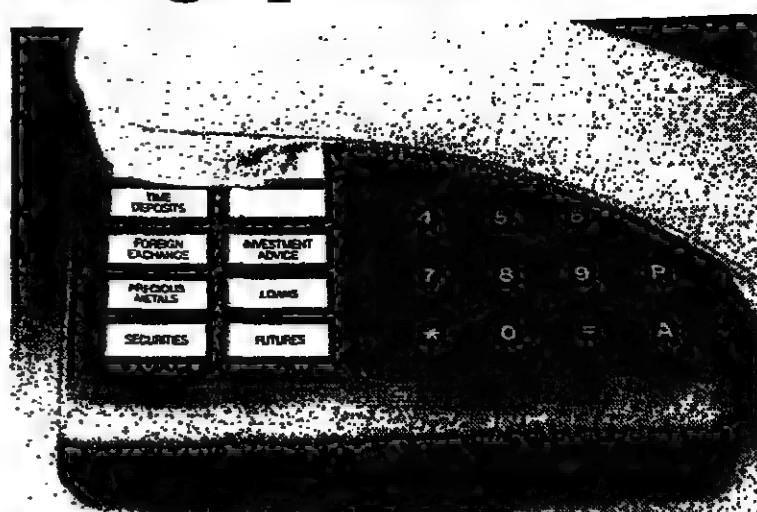
sumer products division of Purex Industries Inc. for \$264 million. Purex is a privately held company based in Lakewood, California. Greyhound operates a bus system and manufactures food products.

Life Savers Australia Ltd., the confectionery group, said it was recommending that shareholders accept an increased takeover bid from Raleigh Nutritional Products Ltd., a unit of Nestlé SA.

Lockheed Corp. announced that it and Singer Co. are opening a \$12-million Hercules flight training center in Marietta, Georgia. Lockheed builds Hercules aircraft and Singer builds flight-simulation centers.

Rockwell International Corp. said it has completed the previously announced acquisition of Allen-Bradley Co. for \$1.65 billion in cash.

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Amexco, CGE Join on Fund

Reuters

PARIS — Compagnie Générale d'Electricité, France's state-owned communications group, said it has joined forces with Shearson Leh-

man/American Express Inc. of the United States to provide joint-venture capital to help CGE's growing high-technology business.

The fund will include other French and U.S. investors, a spokeswoman for the French state-owned concern said Thursday. Georges Pebreau, the chairman of CGE, said his company would put up \$60 million and Shearson/American Express, \$100 million.

The fund will be co-managed by the CGE and American Express.

According to the spokeswoman, the French investors would include a number of other industrial groups led by CGE, and several French banks and financial institutions led by state-owned Crédit Lyonnais.

She did not have details of the American investors other than Shearson/American Express but an American Express spokesman in New York said that Shearson Lehman would take a \$5-million stake in the new fund. The fund will co-invest with another venture capital fund that was recently set up in the United States with about \$100 million in capital.

Harris Division to Buy Part of Exxon Office Unit

Reuters

NEW YORK — Lanier Business Products, a division of Harris Corp., the U.S. computer company, has agreed to acquire certain assets of Exxon Office Systems Co., it was announced Thursday.

Terms were not disclosed, but Exxon Enterprises, a division of Exxon Corp., the U.S. oil concern, said Lanier will acquire the rental office systems.

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Time Inc. to Buy Magazine Group

Reuters

NEW YORK — Time Inc. said Thursday that it agreed to buy privately-held Southern Progress Corp., which publishes Southern Living Magazine, for \$395 million in cash plus \$85 million in cash, cash equivalents and certain current assets.

Southern Living Magazine has a monthly circulation of 2.3 million readers and earned revenues of \$165 million in 1984.

Time said Emory Cunningham, Southern Progress's chief executive officer, and the staff of Southern Living, will continue to run the magazine.

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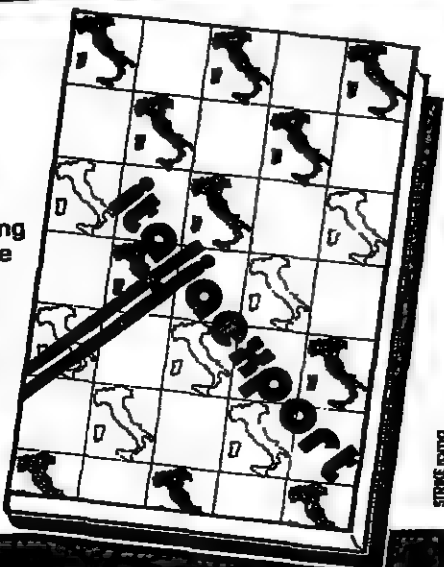
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SPORTS

Chitalada Retains Flyweight Title

United Press International
LONDON — The victory of Chitalada, 22, took his record to 22 triumphs in 23 fights. Magri is 29-4.

Edward Thangarajah, a Bangkok journalist who helped revive Queensbury rules of boxing in Thailand, where kick-boxing is popular, had the check, money and credit cards in his wallet when he joined Chitalada's procession to the ring.

"I was in the champion's dressing room before the fight helping him dress" and went out with him toward the ring, Thangarajah said. "The spotlight was on Chitalada, but I felt behind in the surge of the crowd and suddenly I felt somebody pulling at my right hip pocket. I then gave chase to the man. He clambered across a row of seats and forced his way out of a side door,

but I was too slow and lost track of him."

The theft was immediately reported to the police and to the fight's promoter, Frank Warren, who was to refund the check before Chitalada's party left for home Friday.

Thangarajah said he was going to use the money to take his 80-year-old mother on a trip to Lourdes, France, from her home in southern England.

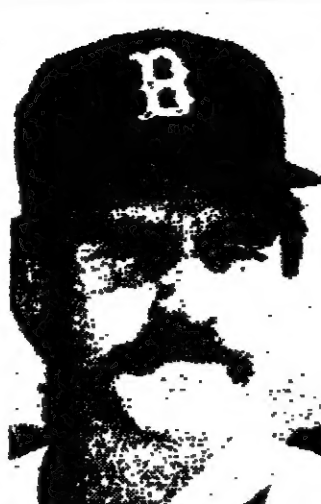
The theft was the second of its kind at recent title fights in Britain. When Colin Jones fought Don Curry of the United States for the world welterweight title in Birmingham last month, several members of Jones's group had their wallets stolen as they were buffeted en route to the ring.

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Wade Boggs



Alvin Davis



Kent Hrbek



Juan Samuel



Ryne Sandberg

Baseball: The Dreams and Despairs Spring Eternal

By Thomas Boswell
Washington Post Service

WASHINGTON — If the perfect preamble to baseball spring training could be concocted, what would it entail?

What would have to happen to get us even more excited than usual at the prospect of pitchers and catchers reporting to Florida and Arizona this week?

For starters, it would be great if the off-season had been filled with big trades and the stunning signing of free agents. Teams that were a little too good last year would have to be taken down a notch, while clubs on the rise or those making a comeback would have to be helped.

We would want the New York teams, the Mets and the Yankees, to come up with new stars, such as Gary Carter and Ricky Henderson.

Of course, we'd also get delight out of seeing some perennial near-miss teams acquire the missing links they needed. Such as the Atlanta Braves stealing relief pitcher Bruce Sutter from the St. Louis Cardinals for \$9 million, or the Toronto Blue Jays somehow trading for a bullpen of Bill Candill and Gary Lavelle.

What a bonus it would be if the dethroned world champions of 1983, the Baltimore Orioles, finally

found it in their hearts to buy some flashy free agents, such as Fred Lynn, Lee Lacy and Don Aase.

On top of this, it would be a big help if, after the disappointing pennant races of 1984, it seemed almost impossible to handicap any of the four division races for this season. It certainly would spark fan interest if, say, 19 or 20 of the 26 teams in the major leagues could make a rational argument that they might end up in the playoffs.

This could happen only if something strange transpired, like most of the best teams ending up in one division, say the American League East. And having most of the worst clubs in another division, like the American League West. And all the in-betweeners in the nobody's-too-good National League.

Everyone would be happy if the game's defending world champions were as yet not a completely proven team. For instance, a team like the Detroit Tigers, who might be great but might also be a one-year phenomenon. Add for spice one enormously popular ball club, a team that still played in a quaint old ballpark without lights, and had to atone for a monumental collapse that cost it the pennant in 1984.

What more could we want? Well, since we are talking optimum fantasy, why not throw in a possible strike by the players and a continuing salary explosion that jeopardizes the economic foundations of the game? What stakes could be put on the table for the strike? How about divvying up a billion-dollar, six-year network TV deal between the owners and players? We could ask how far apart the two sides were on basic dollar differences and get back a nice succinct answer: \$200 million.

We could have a player, Jim Rice of the Boston Red Sox, sign a contract that works out to \$2.5 million per season. We could have a three-year player, Wade Boggs of the Red Sox, who never has hit more than six home runs or driven in 75 runs, be awarded a contract of \$1 million a year by a federal arbitrator. That combination of factors ought to be a perfect recipe for economic chaos.

Let's get silly and keep piling on subplots. Why not have a new commissioner, a charismatic young fellow with enormous political potential who is riding a wave of success in other areas but who has no inside knowledge of baseball. Can he stabilize the old national pastime in its hour of financial shakiness? Just to make sure that no baseball fan, anywhere, would be able to keep from twitching at the thought of the new season, we could pack the sport with the greatest influx of young stars that the old game had seen since the 1950s.

Such players as batting champions Don Mattingly and Tony Gwynn would have only a year or two under their belts. Strikeout champions such as Dwight Gooden and Mark Langston would be facing the infamous "sophomore

jinx." Gooden, only 20, would make people daydream about whether he might become the greatest pitcher ever.

New stars would appear so swiftly that fans constantly would be having to catch up on the life histories of players with fewer than four years of experience in the major leagues. They would be, say, about: Boggs, Cal Ripken Jr., Kent Hrbek, Tom Brunansky (32 home runs), George Bell (26), Rich Gedman (24), Alvin Davis (116 runs batted in), Julio Franco, Ron Kittle, Greg Walker, Mike Boddicker, Bud Black (17-12), Storm Davis, Frank Viola (18-12), Dennis (Oil Can) Boyd, Roger Clemens, Ron Darling, Ernie Camacho (23 saves), Chili Davis, Ryne Sandberg (MVP), Johnny Ray, Kevin McReynolds, Juan Samuel, Darryl Strawberry, Alejandro Pena (ERA champion) and a dozen more.

Obviously, all of this is truth, not fiction. Maybe it always is this way in February. Maybe it always seems as if each spring training offers more than any other. Maybe the lead-in to a mildly anticlimactic 1984 season makes us even more susceptible to the charms of a new year. On the other hand, maybe this season aborning is just as promising and fraught with danger, as it appears.

How will Henderson do as the Yankees' center fielder? Will he become heir to Mickey Mantle and Joe DiMaggio? Or will he become another victim of fly-ball outs in cavernous Yankee Stadium? Remember, Steve Kemp hit three homers in two years there and is gone.

Will the Mets' Gooden hold out for more money and risk one of the most promising early careers in history? Fernando Valenzuela scored on the business side of the game after his fabulous rookie year for the Los Angeles Dodgers and never again has won 20 games.

Seldom has baseball entered a season when so many teams seemed so dramatically changed, and when so many had a legitimate chance to win their divisions.

If the Tigers slide just a notch, and they could after a basically stand-pat winter during which pitcher Milt Wilson (17-6) had major shoulder surgery, any of four teams could pass them in the American League East. For the first time, the Orioles have acquired some good free agents. For the first time, the Blue Jays have a bullpen. For the first time, the Red Sox have re-signed their superstars, Rice and Bob Stanley. Now the Yankees have some charm as well as talent.

There probably never has been a division as wide open as the American League West, because there probably never has been a division as bad. The Kansas City Royals are the defending champions, but almost any team can win here with 85 victories and a hot week in October's playoffs.

Of all the divisions, the National League East is the prognosticator's nightmare. There is enough talent, but each team has enough question marks that it could go top to bottom or bottom to top. The Cubs have great power, but far too much age. The Mets look better, but they might have played over their heads last year. The Phillies have a sharp new manager in John Felske, and the general manager, Paul Owens, might have his youth movement in place if his old pitchers hold up. But who knows?

The Cardinals shouldn't win without Sutter, the Expos without Carter and the Pirates without hitting. But who spotted the Cubs and Mets last season when they were coming off fifth- and sixth-place finishes?

That's how it goes everywhere you look. The San Diego Padres make it to the World Series, then go out and shuffle so many players, getting former Cy Young winner LaMarr Hoyt, among others, that nobody, not even the general manager, Jack McKeon, knows whether they made themselves better.

Baseball has reached the point, after a decade of remarkable increase in general interest, where it seems to feed off an odd internal dynamic.

The more complex and controversial the sport's plots and intrigues the more tickets are sold, the higher TV revenue becomes and the more exposure and wealth is accrued from such new sources as cable TV and improved marketing. However, the richer the game becomes, the more money the players make. And as players get richer, they tend to become more conscious of money. Owners are veterans at this matter of being obsessed by wealth. The curious result is that, as more and more money gushes through the game, the haggling and threatening between players and owners seems to rise exponentially.

And the less empathy the fans have for either side.

The almost diabolical result is that, at the same moment that the game is experiencing its maximum prosperity it might also be nearing its moment of maximum danger. The same fans who are drawn toward the game and thus make it healthy might, at one and the same time, be perilously close to rejecting the sport if it should have another long strike.

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Sot Chitalada after retaining his flyweight title with a victory over Charlie Magri, at right.

Celtics Find Reason to Cheer in Losing to Nuggets

Los Angeles Times Service
DENVER — The rap against the Boston Celtics, as they try to defend their National Basketball Association title, has been their lack of depth. Most of the season, their

NBA FOCUS

coach, K.C. Jones, has been relying on six players to get the job done. Although they have been mostly successful, the Celtics did so partly because they avoided injury and had their six men in good health.

Now it turns out that Jones may have more manpower than anyone thought. As the Celtics closed out their toughest trip of the season, playing their sixth game in nine nights Wednesday in Denver, they were missing four players, including injured starters Eddie Maxwell and Robert Parish. Maxwell, who had been placed on the injured reserve list, was to have arthroscopic surgery on his left knee Friday.

And only a great performance by the Celtics' 15-year pro, Dan Issel, prevented the Celtics from winning.

Issel, 36, who will retire after this season, made farewell to the Celtics by scoring six of his 22 points in the last three minutes, leading Denver to a 132-129 victory. It was the Nuggets' 12th consecutive victory at home and fifth in a row overall.

They overcame another tremendous performance by Larry Bird, who, playing all but two minutes,

got 40 points, 9 rebounds and 6 assists.

The Celtics also were without M.L. Carr and Quinn Buckner, and they lost Jones when he was ejected on technical fouls in the second period. But they made it a contest all the way. In fact, Bird and Kevin McHale had them in front by four points with four minutes left.

At this point they seemed to run

out of gas in the face of the sharp-shooting of Issel and Calvin Natt.

Natt made two lay-ups in the final 77 seconds and pressured Bird into missing three shots down the stretch.

But for several minutes in the second quarter, Jones had a lineup of Bird, Scott Wedman, Greg Kite, Carlos Clark and Rick Carlisle, and

still the Nuggets couldn't pull away.

Elsewhere, it was Utah 110, New Jersey 104; Philadelphia 137, Golden State 116; Milwaukee 113, Detroit 112; Cleveland 102, Indiana 92; Dallas 104, Portland 98; Washington 105, San Antonio 104; Houston 126, Phoenix 122, and Seattle 118, the Los Angeles Clippers 105.

Penguins Down Flames to End Losing Streak

Compiled by Our Staff From Dispatches
PITTSBURGH — The youthful Pittsburgh Penguins finally saw their fresh approach pay off, after a month without victory.

Rookie goaltender Brian Ford, recalled from Muskegon of the International Hockey League, was the key to the Penguins' victory.

NHL FOCUS

International Hockey League a day earlier, made 28 saves Wednesday night as the Penguins defeated the Calgary Flames, 6-3, to end a nine-game losing streak. They had gone 12 games without a victory.

Calgary's loss enabled the idle Edmonton Oilers, the leaders in the Smythe Division, to become the first NHL team to clinch a playoff berth this season.

In other games, it was Detroit 3, St. Louis 2; Boston 3, Minnesota 2, and Chicago 3, Montreal 2.

Also contributing to the Pen-

guins' first victory since Jan. 19 were three other NHL rookies. Troy Loney scored twice, Doug Bodger got one goal, and Mario Lemieux had two and three assists.

"Mario came here with a lot of hoopla and a lot of credentials," said the Penguins' coach, Bob Berry. "He's handled everything off the ice well and he's been even better on the ice for us."

"No question, this is my best game in the National Hockey League," said Lemieux, the top pick in the 1984 draft who earlier this month was selected as the most valuable player in the NHL All-Star Game.

But it was Ford's play that particularly made Berry look like a genius.

"That was the idea, to bring in someone that was fresh, and he came through with flying colors," Berry said.

"I was just happy to be on the winning team," Ford said. "I wasn't as nervous as I thought I would be. In fact, I was a little upset with myself because of that."

Ford was making his first NHL start since Dec. 29, 1983, when he started with Quebec and lost, 8-5, to Buffalo. He was acquired from the Nordiques last December.

"I didn't feel shaky. I was coming into a situation where we were not winning and there wasn't much pressure," Ford said. "If we win, I might be able to help turn things around. And if we lose, people will say, 'Oh well, it's 10.'"

The Penguins dominated the first period, keeping the puck in Calgary's end of the ice much of the time.

"That helped me adjust to the speed of the game. Instead of having them come right at me, I could adjust," Ford said. (UPI/AP)

SCOREBOARD

Basketball

NBA Standings

EASTERN CONFERENCE

Atlantic Division

Pac. GB

Boston 44 12 .766

Philadelphia 43 12 .761

Washington 39 16 .704

New York 37 18 .679

New Jersey 37 18 .679

Central Division

Milwaukee 39 16 .704

Detroit 38 17 .688

Chicago 35 20 .636

Atlanta 34 21 .615

Cleveland 19 36 .345

Indiana 17 38 .299

WESTERN CONFERENCE

Midwest Division

Denver 35 20 .636

Houston 32 23 .581

Dallas 30 25 .545

San Antonio 27 28 .491

Utah 18 36 .333

Kansas City 18 36 .299

Pacific Division

L.A. Lakers 39 16 .704

Phoenix 37 18 .679

Portland 35 20 .636

Seattle 34 21 .615

L.A. Clippers 34 21 .615

Golden State 26 29 .472

WEDNESDAY'S RESULTS

Cleveland 61, Boston 55

Phoenix 101, Portland 92

Detroit 101, Milwaukee 92

Cleveland 61, Boston 55

Phoenix 101, Portland 92

Detroit 101, Milwaukee 92

Cleveland 61, Boston 55

Phoenix 101, Portland 92

Detroit 101, Milwaukee 92

Cleveland 61, Boston 55

Phoenix 101, Portland 92

Detroit 101, Milwaukee 92

Cleveland 61, Boston 55

Phoenix 101, Portland 92

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Cleveland 61, Boston 55

Phoenix 101, Portland 92

Detroit 101, Milwaukee 92

Cleveland 61, Boston 55

Phoenix 101, Portland 92

Detroit 101, Milwaukee 92

Cleveland 61, Boston 55

Phoenix 101, Portland 92

Detroit 101, Milwaukee 92

U.S. College Leaders

NCAA Division I College Basketball Leaders

Team Offense

Oklahoma 39 16 .704

Alcorn State 37 18 .679

Utah State 37 18 .679

Louisiana 37 18 .679

Louisiana 37 18 .679

TEAM DEFENSE

Princeton 39 16 .704

Princeton 39 16 .704

Princeton 39 16 .704

Princeton 39 16 .704

Princeton 39 16 .704

Princeton 39 16 .704

Princeton 39 16 .704

Princeton 39 16 .704

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Princeton 39 16 .704

Princeton 39 16 .704

Hockey

NHL Standings

Wales Conference

Pac. GB

Washington 39 16 .704

